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IN ENGLAND AND WALES

MARCH 1960

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## Professional Notes

### A Time for Tax Reform—

IN JUST OVER a fortnight Mr. Amory will open his third Budget. It is already evident that he will find it even harder than on either of the previous occasions to satisfy the demands being made upon him. Before taking account of the Consolidated Fund Services, Government expenditure for the coming year will be about £340 million higher than the original estimates for the year now drawing to a close and £230 million higher than those estimates as increased by "supplementaries" during the year. The figures are on the above-the-line basis (they take account only of what, very loosely, are regarded as "revenue" items). A close assessment of the probable yield of existing taxes in the coming year can be made only by officials, but it is not unreasonable to suppose that the additional expenditure of the order we have mentioned might be

covered by the natural resilience of the revenue at existing rates at a time when the national income is rising by something like 5 per cent. per annum. Even the maturing of the tax concessions made last year need not upset the balance. Unfortunately, however, only part of the story is above the line.

The below-the-line items (very loosely, "capital" items) will add to the amount to be found either from taxation or from the savings of the public: the items begin to look formidable. In addition to what remains to be found for cotton, the Guillebaud Report will cost the Government a large sum, in its direct and indirect effects. There will be payments to the doctors, and to the steel, motor and aircraft industries. Clearly, the Chancellor would have little or nothing to give away even if the background against which he must consider his proposals were the

same as a year ago. In fact, it is quite different. Certainly, against an overall deficit which he was prepared to face a year ago of some £700 million he may find himself at the end of the month with a debit balance considerably smaller—perhaps from £400 to £450 million. But that is a minor consideration compared with the general state of the economy. A year ago, Mr. Amory was able with justice to speak of substantial slack in the system; it existed virtually everywhere in some degree. At present there is still some productive capacity in the way of machinery to spare but the national level of unemployment is below the magic percentage of two. This figure of 2 per cent. is an average and the fact that there are areas where unemployment is higher means that there are others where it is lower, and in some sections of the economy there is risk of a bottleneck in labour; there is also the more general danger of wage inflation. Again, the Chancellor will be concerned not to allow home demand to deprive the export market. There is, however, one important factor aiding and abetting the buoyancy of Government revenue and making it possible—though many consider it improbable—that he will decide to keep taxation, on average, about level, rather than to put up rates. That factor is the continued resurgence of savings.

This year seems to be pre-eminently one in which the Chancellor, with little scope for bestowing bounty, could push ahead with a real reform of the taxation system by sweeping away at very modest cost some of its anomalies and injustices.

#### —Some of the Candidates

IT IS NOW over three years since the Institute of Chartered Accountants in England and Wales, at the request of the Inland Revenue, submitted in order of priority a number of recommendations for tax reform based on the report of the Royal Commission on the Taxation of Profits and Income. A few of the recommendations have already been met, in whole or in part. Some of the remaining major ones (with amendments suggested by the Council), leaving aside those that would be more

or less costly, are set out below, but there are many others, individually of a minor character, of which a combination would make a formidable reform. To recommendations of the Royal Commission there can be added, in particular, the need for a thorough review of the estate duty.

Assessments under Cases I and II (for companies) and Cases III to V (for all taxpayers) of Schedule D should be on a current-year basis.

The income chargeable to surtax under the legislation relating to close corporations should, in the case of a close corporation which is not an investment company, be that part only of the undistributed income which it would have been reasonable to distribute. Any income of a company on which surtax has been charged under Section 245 of the Income Tax Act, 1952, should be exempt from profits tax.

The taxation penalty on marriage and the corresponding taxation benefit from separation or divorce should be removed by amending legislation.

The Schedule E rule governing deductible expenses should (i) be declared by statute not to involve the test propounded by Lord Davey in *Strong & Co., of Romsey, Ltd. v. Woodfield* (1906, 5 T.C. 215) ["It is not enough that the disbursement is made in the course of, or arises out of, or is connected with, the trade or is made out of the profits of the trade. It must be made for the purpose of earning the profits"] and (ii) should be amended to permit the allowance of expenditure "reasonably incurred for the appropriate performance" of the duties of the office or employment.

To mitigate the hardship that progressive taxation causes where incomes accrue with marked irregularity, a fall in total income from one year to the next of at least 50 per cent. should entitle the recipient to relief by averaging.

Capital allowances should be given for commercial buildings.

A depletion allowance should be granted for the cost of acquiring, after an appointed day, mineral rights or areas in the United Kingdom.

A trader should be permitted to adopt any proper method of stock valuation that is suited to his business, subject to safeguards relating to the effect of a change from one method to another.

If particular reforms, whether among those listed or not in the list, were considered too expensive to be effective this year, they could have their place in the legislation but could come into effect later on. The important thing is to make progress with the job of tidying up our taxation system.

#### Pension Funds—

RECOMMENDATION 21 on Accounting Principles issued this month by the Institute of Chartered Accountants in England and Wales emphasises the importance of strict standards in the accounting treatment of retirement benefits.

The years of inflation have made things difficult for many self-administered pension schemes, especially those in which the benefits are geared to salaries paid in the final years of service, by making heavy demands on the accumulated fund. Again, the steep decline in gilt-edged prices has caused depreciation in the assets of some self-administered funds: the movement into equities has not been universal and even when it has taken place has often been strictly limited. Some funds run by businesses have made a practice of investing largely in the concerns themselves, sometimes with unfortunate results. For all these reasons—and others could be added—a number of pension funds are open to an exceptional degree of vulnerability. The Recommendation of the Institute does not go into this point—and would not be expected to do so—but coming at this time, following the prolonged inflation and the slump in gilt-edged, it is particularly apposite.

The Recommendation points out that the object of a pension scheme is not to maintain an income-producing fund of capital but to build up and maintain a total fund, all of which is available to pay pensions when they fall due. Accordingly, the normal distinction between capital and income does not apply to the accounts (unless a minimum rate of interest is guaranteed or benefits are related to the income on accumulated funds). It follows that the annual summary of receipts and payments cannot usually be described as a revenue account.

Other respects in which the accounts of pension funds differ from those of other trusts and of trading companies are (i) that the accounting treatment of investments is governed by the fact that they may either be retained so that the income on them augments the fund, or be realised to pay benefits; and (ii) while the



accounts can give a true and fair view of the movement of assets and disposition of funds (a record of stewardship) they cannot give, for an uninsured scheme, a true and fair view of the state of affairs of the fund unless accompanied by a periodical valuation by an actuary. It is recommended that the appropriate actuarial information based on the latest valuation (usually made every five years) should be included with the accounts, usually by note or appendix. The appropriate information should be directed towards showing whether the fund is likely to be able to meet obligations for pensions as they fall due. If there have been developments materially affecting the actuarial position since the last information was made available by the actuary their effect should be disclosed.

#### —The Accounts of the Scheme—

AS TO THE form of the accounts, an essential feature is to bring out the movements of the fund during the year and the net assets representing it at the end. To particularise, in the balance sheet or in supporting statements all suitable details should be set out, including:

- (a) the amount of the fund at the beginning of the accounting period;
- (b) contributions, investment income and other amounts—such as net profit on investments—by which the fund was increased;
- (c) benefits, refunds on withdrawal, expenses and other amounts—such as net losses on investments—by which the fund was decreased;
- (d) the amount of the fund at the end of the period.

Any of three bases is in common use in stating investments. Whatever the practice adopted it should be followed consistently. The three bases are:

- (a) at cost less a provision to reduce to market value;
- (b) at cost less a provision to the extent considered necessary for diminution in value;
- (c) at aggregate market value whether above or below cost.

Under (a) and (b) the amount of the provision should be disclosed. If under basis (a) the provision is calculated by comparing the cost of each investment with its market

value and taking the full diminution so arrived at without bringing in appreciation in value of other investments, the aggregate market value should be shown by note. If basis (b) is used, not only should a note show the amount of the aggregate market value but it should also give an explanation why it is considered unnecessary to make full provision to reduce cost to market value. Under basis (c), which should not be used unless the investments are readily marketable, unrealised appreciation on investments should be added to the accumulated fund or shown in a separate reserve account, and unrealised depreciation on them should be deducted from the accumulated fund or, where applicable, a reserve account. There is the qualification:

It may however be convenient to keep this unrealised difference between cost and market value distinct from the remainder of the accumulated fund. In that event the difference should be shown (with appropriate description and disclosing the change in market value during the period) as a separate addition to or deduction from the accumulated fund, realised profits and losses (meaning the surplus or deficiency of proceeds compared with cost) being taken up as such in the accounts and eliminated from the unrealised difference as and when investments are sold.

#### —And of the Employer

IN THE LATER part of the Recommendation, dealing with the accounts of the employer, the main point brought out is the necessity to review all contractual obligations of employers for benefits and to make appropriate provisions. It is not sufficient merely to charge against revenue normal premiums to insurance offices or contributions to a scheme. The employer may have given guarantees or have contracted commitments for back service. It is therefore essential to examine the trust deed or other contract and to consider also the latest available actuarial information on the adequacy of the funds. It is recommended in particular that if the employer has given a guarantee—for example, to maintain the solvency of the scheme or to ensure a minimum rate of interest—the accounts should

carry an appropriate note if the amount is material, or may become so.

Further, if there is an obligation to provide benefits not covered by contributions—for example, receivable under individual service agreements—provision should be made if the amount is material, and if there is failure to make the provision the position should be stated by note. Again, if the employer has made or is under obligation to make a special contribution, for back service or to make up a deficiency, and the amount is material, the contribution should be disclosed. If the contribution has been paid but part is being carried forward to be charged against future revenue, the fact should be made clear in the accounts for the particular year and subsequent years until cleared. If the amount has not been paid in full, the liability should be provided for in the accounts until discharged, and if no such provision is made the position should be stated by note.

#### New Council Member of Institute

WE HAVE PLEASURE in congratulating Mr. David Steele, F.C.A., on his election to the Council of the Institute. Mr. Steele has been a partner in Williamson, Butterfield & Roberts, of Bradford, since 1944. He was educated at Bradford Grammar School, served articles with the late Mr. J. W. Gordon Butterfield, F.C.A., and qualified as a member of the Institute in 1940, winning the William Quilter Auditing Prize. He became a Fellow in 1949.

Mr. Steele is active in the affairs of the Leeds, Bradford and District Society of Chartered Accountants: he became a committee member of the district society in 1946 and was the President in 1957/58. He is a member of the Bradford Joint Tuition Committee. During his articles he was Secretary of the Bradford and District Chartered Accountant Students' Society, and its President in 1949/50.

For some years Mr. Steele held office as Secretary of the Regional Taxation and Research Committee. He has been a member of the Taxation and Research Committee of the



Mr. David Steele, F.C.A.

Institute since 1958 and serves on its Taxation Sub-Committee. He is a member of the governing body of the Bradford Institute of Technology.

#### Stock Exchange Members' Accounts

DESPITE THE NOTICE issued in November last (see ACCOUNTANCY, December, 1959, page 644) a number of members of the London Stock Exchange appear not to have satisfied their Council in the matter of the presentation of balance sheets. Accordingly the Council announced on February 22 an addition to Rule 79a in the following form:

##### Rule 79a:

"(6) (a) Every firm shall inform the Council forthwith if they have decided to change the terminal date or account day of their current financial year (or current accounting period if it is less than a year).

"(b) Every firm shall inform the Council forthwith when their balance sheet has been presented to them for signature."

The amendment was duly confirmed on March 7 and its provisions are to apply to all balance sheets made up to March 25, 1960, or after.

Previously all that was required was that the member or firm should see to it that the balance sheet was prepared and presented for signature

within six months of the date to which the accounts were made up. It is understandable that the pressure under which their office staffs have worked in recent months may have made it difficult for some members to find time for what they may have regarded as a less promising duty than dealing with their clients' affairs. On the other hand, it may well be that it is precisely in times of boom that prompt preparation and auditing of a member's accounts is more than ever necessary. The amendment is a clear indication to members that arrangements for the due compilation of accounts are to have priority to the extent necessary to achieve normal promptitude in presentation.

#### Accountant-Solicitor Partnerships?

A FAR-REACHING suggestion is advanced by Mr. Ernest Walter Powell in the current issue of *The Law Society's Gazette* in an article under the heading "A Letter from a Member of the Council" (of the Law Society). Mr. Powell's proposal is that partnerships should be formed between solicitors and qualified accountants, whose combined knowledge, training and experience would provide a worthwhile, and indeed a formidable, service to the public. A man may be both a solicitor and a qualified accountant: he will belong to a firm practising either profession, but not the two. Accountants and solicitors do consult together, however, for the benefit of a client common to both. The article argues that the opportunity for continuous consultation between the professions would in practice give a better service.

Mr. Powell suggests that any change in the regulations of either profession necessary to make accountant-solicitor partnerships possible would not raise insuperable difficulties and he suggests that such partnerships are in fact envisaged by the official ruling that the auditor who certifies that a solicitor has complied with the Solicitors' Accounts Rules must not only be qualified but must not, *inter alia*, be "a partner of the solicitor on whose behalf he issues a certificate."

#### Contracting Out

MANY BUSINESSES AND accounting practices are still considering whether they should contract out some or all of their employees from the State graduated pension scheme. While actuarial advice will usually be called for before a decision is finally made, accountants—in industry as in practice—will very often carry through the earlier examination and assess the actuarial report. From time to time we have published articles and notes on contracting out and we now present later in this issue a comprehensive survey by a recognised authority, Mr. J. H. Kitton of the Law Union and Rock Insurance Company. We think Mr. Kitton's study will be of assistance to many of our readers.

A warning to those who are some way from making a decision—there is not much time! The new scheme is due to come into force in April, 1961. Mr. Kitton says that unless contracting out applications are received by the Registrar of Non-Participating Employments by September next, they will be forced to the back of the queue. No doubt most employers who make up their minds in time will ask for their contracting-out certificate to be effective from the date on which the new graduated contributions become payable, but if they wish they may ask for the effective date to be later (but it must be a Monday).

An employer wishing to contract out any of his employees must give notice to all employees in his pension scheme; if he is intending to contract out only some of the employees, the notice must be given to them all, including those not to be contracted out. (Regulation 3 of the National Insurance (Non-Participation-Certificates) Regulations 1959.) The date of expiry of the notice must be at least one month after the date on which it is given. The Registrar of Non-Participating Employments (10 John Adam Street, London, W.C.2) will supply, for the use of employers, a form of written notice, but he issues it for general guidance only and expressly states that employers may well provide a fuller written explanation to their employees in





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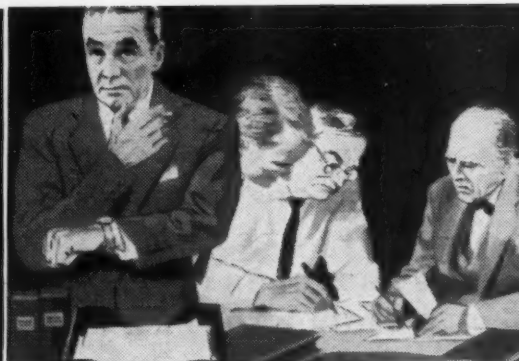
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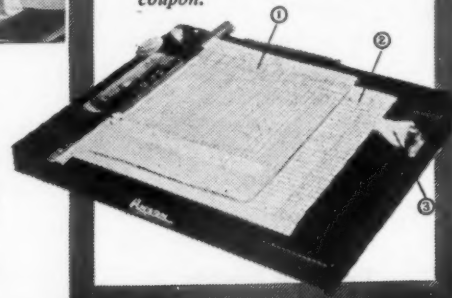
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addition to the notice itself. (Individual written notices are not essential—see page 147—but are desirable.) He also says that, whatever form the notice takes, he envisages that it will be given only after discussion between employers and employees or their representatives. The same form may be used in giving notice to trustees, and, where appropriate, an insurance office or committee of management.

After the expiry of the notice to employees, an employer electing to contract out some or all of the employees must make his election in writing to the Registrar. No exact form of the election is laid down in the regulation (Regulation 4 (1)) but certain particulars have to be supplied and for the convenience of employers the Registrar will supply a specimen form of election.

#### Accommodation of Office Workers

THE COMMITTEE STAGE of the Offices Bill—a Professional Note on this Private Member's Bill, aimed at improving accommodation and other conditions of offices, appeared on page 6 of the January issue of ACCOUNTANCY—opened on February 24 and all sittings have now been held. It immediately became apparent that the Government attitude had been changed by the vote of the House passing Mr. Marsh's Bill on second reading, in defiance of the official move to destroy it then. Mr. Vosper, Joint Under-Secretary for the Home Department, made it clear that, while every effort would be made to convert the measure as it stood into a workable instrument, it was possible that it would be overtaken later by a Government Bill. Also, he was not abandoning the decision to consult with certain bodies, including local authorities, on details—which, under any Bill, would be laid down by regulations whose enforcement would fall largely on the local councils. The attempt to make the Bill workable made necessary very substantial amendments, most of them put forward or inspired by the Government; most have been accepted.

An important part of the discussion was on the date by which the Bill should become effective, eventually fixed as January 1, 1962, and the

regulations under it drawn up. For those who wish to see a real change in the minimum standards for offices it is evident that the latter is the more important date. The regulations will prescribe minimum space, lavatories, washing facilities, adequate heating, ventilation and general cleanliness, drinking water, first aid equipment and an efficient means of escape from fire.

The structure of the Bill is based in some degree on the Agriculture (Safety, Health and Welfare Provisions) Act. That Act, which became law in mid-1956, is the sole legislation to have resulted from the Gowers Report of 1949, to some of the proposals of which the Bill aims to give effect over the much wider field of offices. Some of the regulations under the Agriculture Act have not even yet been drafted. But Mr. Vosper gave an undertaking which may perhaps be summarised as saying that the Government would use all due expedition in the matter. As we have said, there are to be consultations, but they do not have to wait upon the passing of the Bill.

#### Advertising Bank Investment Services

LLOYDS BANK HAS not been slow to take advantage of the permission, given by the Council of the Stock Exchange to banks that are on the list for sharing commissions, to advertise an investment service. The bank claims that the novelty lies in its advertising and not its service, since it already has some 2,000 accounts under the terms of this particular offer. The service, run by the Trustee & Executor Department of the bank from London and a number of branches throughout the country, is claimed by the bank to be highly organised to take advantage of a large increase in business, should it arise. Training courses have been run in investment advising for selected officers in many branches.

The features of the service are that it is merely necessary to complete a simple form, no trust deed is required, the investment management service is offered by the bank as such and not as a trustee, and there is no lower limit to the size of the acceptable portfolio, although it is not

supposed that people with capital of less than, say, £2,000, will use the service. The bank points out that it considers its proper function is to advise on long-term investment. The fee is 4s. per £100, but less on accounts of a capital value of £50,000 or more. The bank emphasises that in this business there has been a very large degree of decentralisation, although there is sustained contact with head office, partly by way of a daily investment letter sent to the branches.

With advertisement, if not without it, the service seems to be regarded as something other than that usually provided by banks, many of whose existing investment management accounts are believed to have grown out of relations which started with executorship, the beneficiaries having left the management of the funds to the bank. Lloyds affirms that apart altogether from suggesting and/or executing changes in investment, looking after "rights" is of the first importance. Certainly, large sums are lost yearly by failure of the lawful recipients to take up or dispose of shares issued as of right.

It is scarcely to be supposed that any other bank in the Big Five at least would agree that there is much difference between what can be obtained from it and what Lloyds now offers, and has offered. Each has its own Trustee Department—the *Midland's* is a separate, wholly-owned company with thirty-five branches—and there is commonly some choice of types of investment contract.

Under the Investment Agency Service of the Midland investments are looked after and reviewed periodically by a firm of stockbrokers, the Executor and Trustee Company being appointed nominee to carry on the various services but complete control being retained by the customer unless he elects to give discretion to the company. It is understood that the service is widely used but it does not seem to be designed for small investors. As to advertising, the Midland and other banks have felt in the past that they have to be careful not to hold themselves out as providing services which are commonly the province of solicitors and



accountants and that, in practice, the services of the trustee company cover the special service proper to a bank, without trespassing on other ground. However, the *Westminster* has now started to advertise its service.

It appears that *Barclays* trustee department will accept the onus of advising a change in investments but does not undertake to switch without specific instructions: its rates are, it claims, lower than those of *Lloyds* but it is not apparent that such small portfolios are accepted. The *National Provincial* seems to hold a position essentially similar with regard to the services rendered. The department obtains skilled services in reviewing holdings but does not accept responsibility for buying or selling without consent. The *Westminster* provides all the usual services and appears to be exceptional in running a three-stage contract, in that it will agree to switch trustee investments without specific instructions and will accept a modified form of contract giving the bank full discretion to change any part of a portfolio.

All the banks, as is well known, have for long collected dividends and done similar investment chores for customers, a service much more restricted than that we have been discussing. Some of those responsible for this service believe that there is little to be gained from an advertising campaign to attract small business of this kind, believing that they already handle a large proportion of it, but some welcome the opportunity now provided to include particulars in their general advertising.

#### Winding-up: Calls on Shares—

IN *Re Apex Film Distributors, Ltd.*, [1960] 1 All E.R. 152, the company was ordered to be wound up. At the time—March, 1954—one W. owned all the partly-paid Preference and Preferred-Ordinary shares in the company. On December 14, 1955, a resolution was passed by the Committee of Inspection sanctioning a call on all the partly-paid shares. On December 20, 1955, a call was made in accordance with Rule 88 of the Companies (Winding-up) Rules, 1949, and Form 53 was filed with the

Registrar. Separate letters were then sent by the liquidator to the A and B contributories. Payment of £26,250 was required of W., the only A contributory, while the letters to the B contributories (who were the transferors of the shares to W.) stated that in the event of non-payment or only part-payment by the A contributory, a claim for any balance outstanding would be made against them under Section 212 of the Companies Act, 1948. There was failure by W. to pay the amount which he was called upon to pay and there was evidence that he could not pay. By a letter dated May 3, 1957, the liquidator claimed payment from the B contributories, but that letter did not amount to a call, since Form 53 was not filed. On March 2, 1959, two "old debts," in respect of which the B contributories would otherwise have been liable, were released. The question before the Court of Appeal was whether the extinguishment or release of these debts reduced the liability of the B contributories.

#### —And Time when Liability of B Contributories Fixed

TWO CASES—*Brett's Case* [1871] 6 Ch. App. 800, and *Brett's Case* [1873] 8 Ch. App. 800—are authority for the proposition that a release of a debt in respect of which a B contributory is liable to be placed on the B list will be effective if it is brought about before a call is made on that B contributory. Wynn-Parry, J., in the Court below had decided the *Apex Film* case on the basis that the liquidator's letter to the B contributories of May 3, 1957, amounted to a call. Lord Evershed, M.R., however, said that it could not be so, since the requirements of the Winding-up Rules, and particularly Rule 88 and the appended Form 53, which was required to be used on the occasion of a call, had not been complied with. The Court of Appeal therefore held that the liability of the B contributories was reduced by the release of the "old debts" as there had been no call on the B contributories, for W. had not defaulted at the time of the call of December 20, 1955, and thus, in view of Section

212 (1) (c) of the Companies Act, 1948, the liability of the B contributories had not then arisen.

#### Grading of Clerical Jobs

THE AIM OF clerical job grading is not so much—as people often imagine—to fix salary scales as to fit the job to the employee, so ensuring that a clerk is paid neither less nor more than either job or clerk is worth.

The Office Management Association started its system of clerical job grading nearly twenty years ago. In a book just published,\* an enlargement of editions that appeared in 1951 and 1954, the Association grades jobs under fifteen clerical procedures—for example, cash control; payroll and staff records; bought ledgers; cost accounting and budgetary control; insurance—and under eight operations common to a number of procedures—for example, typing and shorthand; postal and other general office services; punched card machine operation. Each of the twenty-three procedures or operations is then sub-divided into sub-heads ranging up to a dozen. Finally, the detailed jobs—on average about six—are set out under each sub-head and described, each of the jobs being put into one of six grades from A to F, in increasing order of difficulty, responsibility and initiative.

A sample survey of businesses in Central London each employing over 200 staff showed that about 50,000 to 100,000 clerks now come under the O.M.A. scheme or a similar one. The number of enquiries received by the Association information service is rapidly increasing.

Careful preliminary work is necessary before any job grading system can be introduced, but it is claimed that once the early difficulties have been overcome the system makes for contented staff, with recruitment and promotion becoming steadily easier as each rung of the ladder (and its rewards) is made clearly visible.

Any dispassionate scrutiny of office tasks and the clerks performing them is bound to produce unexpected

\* *Clerical Job Grading*, pp. 91. (Office Management Association, 58 Victoria Street, London, S.W.1. Price 35s. net.)



benefits. Some businesses have found, for instance, that job grading brings out that executives are not getting full assistance from their clerks. Cost accountants, in particular, have been mentioned as being guilty of doing too much themselves instead of delegating everything possible to senior clerks.

### Wider Share Ownership

ONE OF THE latest developments in the drive to promote a share-owning democracy is the formation of the Wider Share Ownership Committee, a body representing City institutions, Conservative backbenchers and some sections of industry. Its task is, primarily, to educate the public in investment matters and, secondarily, to help clear the way for a rather easier deal for the small man.

The Committee has launched a pamphlet, *The Growing Popularity of Share Ownership*,\* which gives examples of existing facilities for encouraging thrift—savings schemes with unit trusts or the National Savings movement, schemes by which employees can obtain shares in their companies, and so on. It also recites the concessions afforded by the authorities to help the small man. The conclusion is reached that if advantage is taken of all tax concessions now available, a maximum of something like 25 per cent. of income can be invested out of untaxed income (this estimated maximum seems to us to be somewhat on the high side). The author, Mr. George Copeman, concludes that there should be for all an exemption from tax on income up to the extent of one quarter invested, irrespective of the nature of the investment. Whatever the merits of his estimate of the present maximum, he would have done better, we think, to have pitched his proposal quite some way lower.

The pamphlet also advocates that British companies should be encouraged to follow the American "thrift plans," under which, if an employee invests in national savings or certain other securities, the em-

ployer then makes him a present of shares in the company (Sections 387 and 390 of the Income Tax Act, 1952, virtually rule out such plans over here).

It seems improbable that Mr. Amory will have any money to give away on any such schemes this year—or, indeed, in response to the further plea that stamp duty should be reduced on all share transactions. The remaining proposal, that the management expenses of unit trusts should be chargeable against profit for tax purposes, would not, however, cost the Exchequer very much and is justified in both logic and policy.

### Capital Employed and the Monopolies Commission

THE REPORT OF the Monopolies Commission on the Supply of Chemical Fertilisers (H.M. Stationery Office, price 10s. 6d. net) largely exonerated the industry. It held, however, that price fixing by *Fisons* in certain products was against the public interest and that *Potash Ltd.*, by being part of an international organisation designed to eliminate competition, operates against the public interest. *Fisons* has since stated that arrangements complained of by the Commission have been abandoned.

The determination of what is a fair profit is based by the Commission on capital employed and it is the pages of the report on the computation of this figure that are of particular interest to the accountant. The figure is calculable for I.C.I., in respect of each fertiliser produced, by three different methods. Method A, used by the company for price fixing, is to take the balance sheet value of fixed assets, without deduction of depreciation beyond 1950. At that time the existing fixed assets were revalued on the basis of current prices and then written down in proportion to the estimated expired proportion of their total life. Assets acquired later are included at cost. Method B is the same as A, except that depreciation since 1950 is deducted: it is, in effect, an estimate approximating to one on replacement costs. Method C, which the Commission maintained is the only one affording a comparison with

industry in general, calculates capital on historical cost. I.C.I. disputes the validity of any calculation or comparisons made on the basis of it. The Commission puts it thus:

it may be said, very briefly, that I.C.I. submits that if real capital is to be maintained intact, a rate of profit must be earned which is sufficient to provide funds for the replacement of plants as they wear out and that these provisions must be increased when the cost of replacement rises owing to inflation; to maintain the capital intact and the real value of the income the profit made must, it is said, rise during a period of inflation by an amount which will cover the additional cost of providing for the rising cost of replacing plants and also for the increasing cash dividends necessary to maintain the real income of the stockholders. I.C.I. asserts that its method (Method A) of calculating the capital employed and the profit earned thereon, while not perfect, gives figures for yield on capital invested which are "close to theoretically true yield" and are consistent, and that the method is much superior in these respects to either of the methods used by us (Methods B and C).

The first part of this presentation of the I.C.I. argument will no doubt be readily acceptable by most accountants though perhaps not by all. But it is difficult to see any logical connection with the second part. Nor is the reasoning behind the defence by the company of method A at all self-evident and it is a pity that the Commission did not think it necessary to record in its report the detailed explanations submitted to it. (It may be added that in charging depreciation as a cost in arriving at profit figures it was necessary to use the I.C.I. figures based on replacement values.)

Methods B and C were used in the estimates for *Scottish Agricultural Industries*. Method C was rejected by S.A.I. and, broadly speaking, for price fixing it uses method A. The total home business of *Fisons*, but not that in individual classes, could be segregated for calculating capital employed and with the assistance of the company the calculation was done on historical cost, making the figures comparable with those of I.C.I. under method C. For Potash

\* *The Growing Popularity of Share Ownership*. By George Copeman. Wider Share Ownership Committee, 117 Waterloo Road, London, S.E.1. Price 2/6 net.

Ltd. and British Basic Slag it would have been unrealistic to attempt any assessments of capital employed.

#### Compensation for Loss of Prospects— and the *Gourley* Case

IN THE CELEBRATED case of *British Transport Commission v. Gourley*, [1955] 3 All E.R. 796, the House of Lords decided that when assessing damages for the loss of actual or prospective earnings in actions for personal injuries, allowance must be made for any incidence of income tax (including surtax) on the earnings where the earnings would have been taxable had they been received but the compensation awarded in lieu of earnings is not taxable.

In *Winckworth v. Hubbard* (*The Times newspaper*, February 3, 1960) the plaintiff, a Canadian stock-broker, aged thirty years, who was doing well and had prospects of becoming a partner in the firm employing him, was awarded damages totalling £51,865 as compensation for injuries in a speed-boat accident. This compensation consisted of (i) special damages of £21,865 for hospital and medical expenses, loss of earnings between cause of action and date of hearing and so on; and (ii) general damages of £15,000 for (a) pain, suffering and injuries and of £15,000 for (b) "loss of prospects."

Mr. Justice Streatfeild said that one of the difficulties in the case, the like of which he had never come across before, was the measure of damages to be awarded in respect of a man's prospects which he was now incapable of fulfilling. The report of the case makes no mention at all of any diminution of damages by reason of the decision in *Gourley's* case. It seems a little surprising if no such diminution was made, since there can be no very real difference between loss of earnings and loss of prospects. On the other hand, the loss of a prospect of a partnership is not the same thing as the loss of a right to a share of partnership profits and so may not afford any very firm basis on which to compute future liability to tax. Also, the plaintiff was a Canadian and there would be a question as to whether compensation

for personal injuries was taxable in Canada. As there is likely to be an appeal perhaps the Court of Appeal may throw more light on the subject.

#### Insuring against the Atom

ON AND AFTER April 1, 1960, all new insurance policies covering material damage to property on land or liabilities to third parties will contain a clause excluding the risk of radioactive contamination. The clause will be added to existing insurances as they fall due for renewal on and after April 1. The wording will be:

This policy does not cover:

- (a) loss or destruction of or damage to any property whatsoever or any loss or expense whatsoever resulting or arising therefrom or any consequential loss;
- (b) any legal liability of whatsoever nature directly or indirectly caused by or contributed to by or arising from ionising radiations or contamination by radio activity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel.

The clause will not affect personal accident and sickness or life policies, nor will it apply to employers' liability or Road Traffic Act claims.

The introduction of the new clause—the most far-reaching general exclusion since the agreement just before the war to relieve insurers of liability for war risks—results from the coming into force on April 1 of the Nuclear Installations (Licensing and Insurance) Act. By the Act, licensed operators of atomic reactors are charged with an absolute liability for any injury to persons or damage to property due to the escape of radioactivity. The general public, therefore, is relieved of the necessity of making special insurance arrangements against these risks, but will be entitled to claim direct from the operator of an installation. The operator will be required to effect an insurance of £5 million to meet third-party claims, or, alternatively, he must have "available sufficient funds at all times" to meet liabilities up to this figure.

Insurance will be made available to licensed reactor operators by the

British Insurance (Atomic Energy) Committee, comprising insurance offices and Lloyd's underwriters.

The new exclusion applies only to the escape of radioactivity from nuclear fuel or nuclear waste. It will not apply to the use of radioactive materials in industry—for example, radio-isotopes, X-ray machines and particle accelerators. Insurance cover against such risks will be readily available in the ordinary market.

The British Insurance Association has said that the new exclusion clause will not apply to shipping or aircraft.

The reason for the general introduction of this new exclusion is to channel all claims arising from a nuclear incident through the reactor operator, so avoiding the possibility of counter-claims and an unknown accumulation of liability on separate policies, there being some warrant for the opinion that existing wordings could well be held to cover nuclear risks although these risks were not anticipated when the policies were drafted.

The British Insurance (Atomic Energy) Committee is already functioning and insures a number of reactors for third-party and own-damage cover. Insurance against the risks of radioactive fall-out from the explosion of nuclear weapons is, however, not available.

#### Resale Price Maintenance

THERE IS WIDESPREAD demand that resale price maintenance, as it was left by the report of the Lloyd Jacob Committee in 1949 and the Restrictive Trade Practices Act in 1956, should be re-examined. Such a course was advocated strongly in the first report of the Cohen Council on Prices, Productivity and Incomes in 1958 and has been pushed on many sides since then. The practice of resale price maintenance by individual suppliers, as distinct from suppliers acting collectively, is given positive sanction by the Act of 1956 and many people are questioning whether that provision in a piece of Conservative legislation is perhaps a main factor impeding the price reductions that the Chancellor is pleading for.

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The Institute of Economic Affairs is thus to be congratulated on its timeliness in getting Professor B. S. Yamey to review public policy on the issue.\* In less than fifty closely reasoned pages he traces the evolution of r.p.m. (his abbreviation), its effects on fixed retail margins, its scope and the possible effects of its disappearance. He calculates that not far short of a half of consumer goods are in whole or in part price-maintained and that at a cautious estimate a quarter of total consumer expenditure goes on price-maintained articles. Basing himself in part on experience of the removal of powers of maintenance in Canada and the United States he reaches the conclusion that the end of r.p.m. might mean a saving of 70s. a head per annum in this country—one-fifth of the income tax paid on wages and salaries.

To summarise in few words some pages of argument, the saving would arise because some retailers now prevented from competing in price compete instead in services, but if prices were free would cut them. The total cost of the distribution of goods would be reduced by a cut in services and by the elimination of some retailers who charge the maximum but provide no service—not even topographical proximity to the customer.

Professor Yamey examines in detail the arguments of those who oppose the end of r.p.m. The most satisfactory argument against abolition, he thinks, is the belief that the number of shops providing good services might be reduced to a point at which some customers, prepared to pay for such services, could not obtain them. But even here he suggests that it might pay the manufacturer to give special concessions to such shops, instancing particularly the really good bookshop carrying a large stock. He is pretty severe on the Lloyd Jacob Committee but even more so with those who exaggerate its support of individual r.p.m. He further suggests that much of the argument in favour of r.p.m. based on such matters as loss-leaders, the

fear of undue competition by individual manufacturers and the belief that shoppers prefer fixed prices, would be much weakened if any retailer who so desired were free to reduce the sale price of all or any of his goods. As to the possible plight of a number of small shopkeepers he suggests that, if it is felt politically expedient to retain them, it would be better to do so by open concessions to them brought in by government, rather than by making consumers pay dearly for their goods in the shops.

## Shorter Notes

### Dinner to Mr. MacIver

The President (in the chair), the Vice-President and Past Presidents of the Institute of Chartered Accountants in England and Wales, accompanied by their ladies, gave a dinner at the Café Royal on Tuesday, March 1, to Mr. Alan S. MacIver, the Secretary of the Institute, and Mrs. MacIver, to celebrate his appointment in the New Year's Honours List as a Commander of the Order of the British Empire.

### The Chartered Accountants' Benevolent Association

The annual meeting of the Board of Governors of the Chartered Accountants' Benevolent Association will be held in the Oak Hall of the Institute of Chartered Accountants in England and Wales, Moorgate Place, London, E.C.2, at 4 p.m., on Wednesday, March 30.

### The Red Book

The 1960 edition of the *List of Members* of the Institute was published on March 14. Distribution to members who have applied for copies is in progress and is expected to be completed by about the middle of April. Copies will be on general sale from April 1, at 15s. post free; remittances must accompany orders. On January 1 last, the date to which the list is made up, there were 32,579 members, necessitating a "Red Book" of 1,304 pages, a record.

### Institute Banquet

The Institute of Chartered Accountants in England and Wales will hold a banquet for members in Guildhall, London, E.C.2, on October 14. As announced on page 179 of this issue, members are asked not to apply for tickets before they have received a notice inviting them to do so.

quiet for members in Guildhall, London, E.C.2, on October 14. As announced on page 179 of this issue, members are asked not to apply for tickets before they have received a notice inviting them to do so.

### The Weston Bequest

The solicitors acting for the executors of the late Mr. Richard James Weston, F.C.A., who was a partner in the firm of R. J. Weston & Co. of Derby, have informed the Institute that Mr. Weston by his will made a bequest of a one-quarter share of the residue of his estate to the Institute (after a life interest to his widow and, after her, a niece) expressing a wish "that such share shall be applied by the said Institute for all or any one or more of the following purposes that is to say the provision or maintenance of a branch library and reading room in Derby or the provision of prizes to be awarded for 'Costing' papers in the examinations or lectures of such Institute or for a special fund associated with any name for such of these or other purposes as the Council of the Institute may decide but preferably to benefit the accountancy profession in the County Borough of Derby and district but the foregoing expression of my desire shall not create any trust or legal or equitable obligation." The net value of the estate has been stated in the Press to be £79,351 (duty paid £31,012) but the solicitors advise that in view of certain discretionary powers given to the trustees, it is not possible to estimate what the ultimate benefit to the Institute may be. There is a further residual bequest to the Chartered Accountants' Benevolent Association of £500.

### Protecting Depositors in Companies

A Private Member's Bill to amend the Companies Act, 1948, "so as to control the solicitation of money from the public" has been published. It is presented by Mr. Percy Browne, M.P., and among

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\* *Resale Price Maintenance and Shoppers' Choice*. Pp. 48. Barrie and Rockliff: 3s. 6d. net.

his supporters is Mr. Geoffrey Stephens, F.C.A., M.P. The Bill provides that any company inviting deposits from the public must have deposited with the Registrar of Companies within the preceding twelvemonth a statement of its affairs in the form of Part I of the Third Schedule to the Companies Act, 1948—that is to say, it would have to lodge a statement in lieu of prospectus giving details of share capital, names of directors and so on, in the same way as a private company seeking to become a public company. Default would incur a fine of £500. Further, under the Bill private companies inviting loans or deposits from the public would have to annex to their annual return to the Registrar accounts and an auditors' report as set out in Section 127 of the Act of 1948. Exemption could be obtained under Section 129 only if the certificate now required under that Section were accompanied by a further one to the effect that loans or deposits had not been invited during the period to which the annual return relates. Again, the company would not be an exempt private company for the purposes of the Companies Act if at any time an invitation had been issued to the public to lend or deposit money. The Government is itself considering what steps to take to protect investors who place money as unsecured loans or deposits (see ACCOUNTANCY for December, 1959, page 637), and it is not yet clear whether it will support the Private Member's Bill or will proceed with legislation of its own.

#### **Inquiries by Monopolies Commission**

The Monopolies Commission has three references before it at present. They are on the supply of (1) cigarettes and tobacco, (2) machinery for manufacturing or packaging cigarettes or tobacco and (3) electrical equipment for mechanically propelled land vehicles. During 1959 suggestions were received that the Commission should inquire into aluminium semi-manufactures, cart-ridges, colour films, glass, insulated electric cables, newsprint, wallpaper, brewing, the supply of liquor to public houses, and the distribution of petrol and lubricating oil for motor vehicles. The Commission makes an inquiry only if the Board of Trade refers a particular subject to it and the Board is not required to make a reference simply because it has received a suggestion.

#### **The Accountant Awards**

Mr. K. W. Mackinnon, M.B.E., T.D., Q.C., has become the chairman of the panel

of judges for *The Accountant* annual awards, in the place of Mr. J. B. Lindon, O.B.E., Q.C., who has retired from the panel. Mr. C. I. R. Hutton, B.A., C.A., Mr. Bertram Nelson, C.B.E., J.P., F.C.A., and Mr. G. Godfrey Phillips, C.B.E., have also now retired from the panel. New members appointed to it are Mr. C. D. Gairdner, C.A.; Mr. A. W. Giles, M.B.E., M.A., C.A.; Mr. Ian T. Morrow, C.A., F.C.W.A., and Sir Richard Yeabsley, C.B.E., F.C.A. The remaining members of the panel are Mr. A. S. H. Dicker, M.B.E., F.C.A.; Mr. Donald V. House, F.C.A.; Lord Latham, J.P., F.A.C.C.A., and Mr. Arthur E. Webb, Editor of *The Accountant*. It is announced that for the seventh successive year since the inception of the awards there is a record number of entries. The names of the winning companies will be announced at the beginning of May.

#### **Protecting Car Buyers**

The Parliamentary Secretary to the Board of Trade has announced that *H.P. Information Ltd.* will tell any Citizens' Advice Bureau whether or not any particular secondhand car has been registered as subject to an unexpired hire-purchase contract. No charge will be made for the service but the applicant must complete a form stating that he is the prospective buyer of the vehicle. It is understood that H.P. Information covers some 98 to 99 per cent. of the cars concerned, so buyers can obtain almost complete protection against loss of car and cash. Both can be lost by a purchaser who deals through a dishonest or incapable agent, since the hirer under a hire-purchase contract is not the owner until completion of the payments.

#### **Olympic Games—Appeal**

No Government aid is received towards the expenses of sending teams to represent Great Britain at the Olympic Games, to be held this year in Rome in August and September. The British Olympic Association has to raise a minimum of £50,000 and makes an appeal for contributions to be sent to the British Olympic Appeals Committee at 95 Mount Street, London, W.1.

#### **Performing Rights in Dance Halls**

A new formula has been brought in by a decision of the Performing Right Tribunal for the fees to be received by the Performing Rights Society for open licences to dance halls playing copyright music at public dances. The dance halls are to pay an annual sum of 1.6 per cent. of the figure arrived at by multiplying, for each dance session, the

price of admission by one half of the capacity of the hall in number of persons. Any dance hall may, however, invoke the option to pay instead, subject to a discount for prompt payment, 1.5 per cent. of its actual gross takings from admission charges for dancing, the exercise of the option to be revocable on proper notice. The new arrangement takes effect from May 4, 1959, and is in replacement of one which the Performing Rights Society sought to introduce whereby the fee would be 2 per cent. of actual gross takings, as certified by an independent practising accountant.

#### **Tube Investment Offer**

The decision of the board of *Tube Investments* to increase the Ordinary capital by an issue of shares last month follows closely the quite exceptional lines of the earlier offer of November, 1955. At that time, with the old shares standing at about 95s., it was decided to make a rights issue of one for one at 22s. 6d. Last month, when the shares were around 127s., there was an offer, again of one for one, at 25s. The first offer caused quite a stir in investment circles and the second has provoked some comment because of the very large difference between the market value of the old and the issue price of the new. Both issues were very successful. Their effect is to keep the nominal value of each unit of capital closer to its market valuation, as well as to its "net worth," than through an offer of the more conventional type. The argument has been put forward that the shareholder who threw his rights offer in the fire or forgot about it loses more, because of the wide differential between old and new shares, than he would have done if the offer had been more orthodox, with a fairly narrow differential. The argument needs to be qualified (but only up to a point) because rights not taken up are being sold, subject to deduction of the first instalment of 15s. a share and expenses, for the benefit of the shareholders who failed to respond to the offer.

#### **Unit Accounting in Investment Clubs**

In our last issue (page 59) we described the system of "unit accounting" for which the National Association of Investment Clubs now provides its members with accounting sheets. We are informed by the Association of Investment Clubs Ltd. that ever since investment clubs first started in this country it has advocated the unit accounting system as the simplest and most equitable.



## EDITORIAL

### Accountants' Earnings

IT LOOKS AS though doctors will soon enjoy a fairly large rise. For the Government is unlikely to diverge far from the recent Royal Commission on Doctors' and Dentists' Remuneration, at least in the main recommendation, that general practitioners should receive an average net income from official sources of £2,425, compared with £1,975 in 1955/56, with bigger increases for doctors in hospitals and for consultants. There will probably also be backdating—to March, 1957, the Commission recommended. All in all, the medical profession—though not the dentists, who are unlikely to be much, if any, better off—has reason to be grateful for the work of the Royal Commission. That work was extremely laborious; much of it hinged on a comparison with earnings in other professions, including accountancy, and in similar callings. No statistics of this kind had been collected before. On later pages of this issue we give some of them, taken or compiled from the report of the Commission. The figures are subject to qualifications (some of which we mention below) and we should not ourselves wish to lend support, in particular, to their being used in straight inter-professional comparisons, unless with strict reservations.

Like most of the figures, those of accountants were obtained by way of questionnaires. One in ten members of the English and Scottish Chartered Institutes and of the Society of Incorporated Accountants was sent a questionnaire; there were 3,234 in all. The response rate was extremely good—78.3 per cent., after allowing for questionnaires that could not be included for valid reasons such as retirement.

As will be seen from the tables the average annual earnings in 1955/56 of all 1,895 accountants in Great Britain who returned questionnaires was £1,814. For those in private practice, whether as sole practitioners or in partnership, it was £2,170. For salaried employees of firms of accountants, it was £901; for all salaried employees, £1,788; and for those who were salaried but not working as accountants, £2,510. There was skewness in the spread of incomes in all groups, as can be seen by putting these averages against the much lower median figures (above which lies one half of the group and below which the other half). Looking at the upper reaches, the figures for the highest quartile of each group (above which lies one quarter of the members of the group) showed incomes very considerably larger than the medians, indicating that there are good prizes for the good (or lucky) accountants relatively to others in the profession. The degree in which there are even better prizes can be gauged by the figures for each highest decile, above which lies one tenth of the members of the particular group; the figure, undifferentiated for type of

work, was £3,250, while for accountants in practice it was £3,903 and for salaried accountants £3,011.

The figures are also given by age groups. On average, accountants in the three professional bodies earned £985 a year under the age of 35 years. Earnings increased steadily with age, until the peak, an average of £2,526, was reached at 45 to 54. Career earnings, for the whole period from 30 to 65, were on average £71,000.

The *caveat* must be entered that all the figures are gross of capital allowances and of personal or other allowances; it is hardly necessary to add that they are also gross of tax itself. It will also be observed that they date back to 1955/56—the time lag was partly caused by the necessity to use figures as agreed for tax. All that the Royal Commission was able to do by way of correcting for out-of-dateness was to make a special inquiry among large industrial concerns, finding in the result that graduates in industry received at end-1959 from 9 to 14 per cent. more than at end-1955.

The report gives statistics, reproduced in one of our tables, of the capital invested by practising chartered accountants and incorporated accountants in their practices. On average the figure was just over £3,900, but nearly 30 per cent. of the principals had invested more than £5,000. The accountants had more capital at stake than the doctors (who generally do not buy and sell practices nowadays), though less than the members of some of the other professions. But while the Royal Commission took cognisance of capital at risk, it left out of account two even more important factors—namely, the commitments borne in practices and the fluctuations to which the practices are exposed. A practising accountant, with almost always a sizeable staff—often a large one—and everything that accompanies it, has vastly greater commitments than a doctor, who is usually alone and rarely has more than a single assistant. Further, while the practising accountant has to face the possibility of a considerable loss of fee-income—in unfortunate instances even a drastic loss—if only one client goes, the general practitioner can suffer with equanimity removals from his roll of perhaps 2,000 or 3,000 patients paid for by the State—removals that are made good without difficulty. The earnings of practising accountants given in the statistics must be interpreted with these two points—the burden of commitments and the incidence and risk of fluctuations—well in mind. Particularly if they are so interpreted, the figures lend much force to the contention, heard on all sides when accountants gather together, that the fees charged for professional accounting services are too low. And let it not be forgotten that a lifting of fees would tend over a period to produce higher incomes among the salaried men also.

An address given at a recent meeting of the London and District Society of Chartered Accountants.

## Company Reports from the Director's Point of View

By C. W. Aston, F.C.A.

THE COMPANIES ACT of 1948 has now been in operation for more than ten years and younger members of the profession have not known the time when the balance sheet of a company could be published giving no more information about the basis of valuation of the fixed assets than "at cost, less depreciation" and could show on the other side "creditors, including reserve for contingencies"; when the profit and loss account showed little more than "trading profit, including reserve for taxation no longer required"; and when, as likely as not, the annual report of the parent company of a group consisted only of its own balance sheet and profit and loss account together with two or three pages devoted to a rather formal directors' report and the names of the members of the Board. A minimum of trouble was taken over the style of presentation, many reports gave little or no indication of the nature of the business of the company and the use of colour and illustrations was never seriously considered.

The Act was responsible for a great change in the nature and amount of information given in annual accounts and for a marked improvement in the general standard of accounting concepts, so that today, when comparing the figures of a company for a series of years, one can feel with some confidence that they are comparable and that any trends which they may show in profits and growth of the business are reliable. But beyond these changes a great deal of thought is being given nowadays to improving the presentation of annual reports and making them attractive to read.

### The place of the report in public relations

The annual report is normally the only communication addressed by a company to its shareholders in the course of a year and directors are becoming increasingly aware that it can be not only an account of their stewardship but also a valuable medium by which to publicise the achievements of the company; in other words, to help in placing themselves and their company "on the map."

Nor is it only the shareholders to whom the report is directed. Employees, customers and the public at large

are all nowadays a target for the prestige advertising of the companies which play such an important part in the everyday life of the community. They are interested not only as investors but as job seekers, economists, social workers, Members of Parliament, and so on.

It is worth while pausing for a few moments to consider why this should be. There is the continuous struggle between socialism and capitalism which is so much to the fore in the political life of the country; the threat of nationalisation of some industries, which for the moment has receded but will no doubt again become a live issue; the efforts of private enterprise to demonstrate that it can do better than public corporations; while all the time the power of the press, television and broadcasting as methods of mass communication is constantly increasing.

Under such conditions the techniques used to achieve good public relations cannot be ignored and in this sphere the annual report of a company has an important part to play. It is in fact part of the prestige advertising. When the public relations of the company are good they tend to be taken for granted. Their value is difficult to assess in terms of money and only when they are poor is it realised that something is missing.

It is inadvisable to leave public relations efforts until some difficult situation arises that has to be corrected. A company is indeed fortunate if at some time or other it does not run into a situation in which press and public are critical. Maybe profits fall and the quality of the management is questioned; there may be strikes or other labour difficulties; there may be an outcry against seemingly high profits. It will be more difficult to answer the critics if public relations have been ignored than if there have been consistent steps over a number of years to gain and maintain the public confidence. Do not make the mistake of assuming, however, that good public relations can sell a bad case. On the other hand, a good case can be spoilt by bad public relations.

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capital by going to the public on a large scale or merely makes an approach to its bankers, a well produced report lays the foundations for a good reception.

Some companies attach so much importance to good shareholder relations that they prepare films of their activities which are shown at meetings of shareholders; visits are planned to factories; a shipping company invites its shareholders to lunch on board a ship; samples of products are distributed; in the United States closed television circuits have been used by at least one company to hold general meetings simultaneously in different parts of the country; in Australia, simultaneous broadcasting of the chairman's speech of a large company was made to meetings of shareholders in the various State capitals, and afterwards a film of the activities of the company was screened (it was shown at the same time to shareholders in this country and a recording of the chairman's speech was played over to them).

This is the background against which many Boards of directors today prepare their annual reports. A number of broad considerations have first to be settled before one can get down to the details of a good report. I would list these considerations as:

- (a) General appearance, including size of page, typography, use of colour and illustrations, and so on.
- (b) Contents, including the question whether the chairman's speech is to be included and what background information is to be given about the nature of the business.
- (c) Lay-out of financial accounts.
- (d) Inclusion of supplementary financial statements.
- (e) Use of charts and diagrams.

#### General appearance

It is necessary in the first place, as with any project, to decide on the broad overall plan—in this instance, the general appearance of the annual report. It will be governed to some extent by the nature of the business of the company and to a considerable extent by the personality of the Board of directors. A paper-making company, for example, might be expected to use a very high quality paper, which would perhaps be regarded as extravagant by other companies. A company which manufactured aluminium foil might be disposed to use that substance in some of the pages of its annual report. *Gestetters* have produced their annual report for many years by their office duplicating machine process. These, however, are somewhat special examples but even amongst the normal run of companies there is a great deal of scope for individual taste.

My own preference is to eschew anything that is unusual or distracting, any departure from the vertical arrangement of figures (such a departure may tend to make comparisons difficult), or the extravagant use of colour.

The size of paper is another subject which can cause controversy. The report of an important group often requires a page 11 inches deep by 8½ inches wide but a document of this size will not pass through an ordinary letter box without being folded and shareholders have been known to object.

There is a movement on foot for "personalising" documents by inserting photographs of individuals. This may be a good thing if confined to the chairman, but I deprecate including photographs of other officials lest the report assumes the appearance of a picture gallery. At the same time, except in special instances, of which the *Commonwealth Development Finance Corporation* is perhaps one, it must be assumed that the majority of shareholders reading the report will be ordinary people without a great deal of business training and for whom a document containing nothing but unrelieved pages of print will be extremely boring and unattractive.

One can judge from one's own reactions upon looking at any printed matter—a few illustrations do help to make one feel more inclined to read the printed word. You will remember that Alice said "What is the use of a book without any pictures or conversations in it?" and my guiding principle is that there ought to be something to catch the eye and give a general background against which to make the accounts live without subordinating the printed word to pictures. I was told recently that there was less visual information in our report than in 1958 and I discovered the remark was intended to mean that there were fewer pictures! Surely a sad commentary on the value of the written word.

I do not think it should be assumed that the average shareholder is not interested in the accounts and the story that they have to tell, and therefore I do not think the report should be so dressed up with coloured pictures that the accounts become of secondary importance.

The advice of a good typographer will be invaluable in deciding upon the style and general appearance of the annual report. The choice of a suitable type face and the spacing of the lines of type and so on need consideration. In order to see how important this subject is, one need only take up a few published reports at random and notice how some of them are much more pleasing to the eye than others. One might also instance the change of type used in the London telephone directory. Good typography is said to be invisible and yet it can make all the difference between a first rate and second rate report.

#### Contents

Let us now consider what we are going to include in our annual report beyond the statutory requirements, which are the notice of the meeting, the directors' report, the financial accounts and auditors' report.

The inclusion of the names of the members of the Board and other principal officials is so well established that I do not need to dwell upon that, but I would like to consider for a few minutes the chairman's speech, which is frequently printed in the annual report and so is read by shareholders before the annual meeting.

Some chairmen like to deliver their speech at the meeting as something personal which the shareholders have not already read, and one can sympathise with that point of view. At least one chairman would strongly resent any suggestion that in failing to print his speech in the annual report he was being obstructive.

At the same time one must recognise that until com-



paratively recently many directors' reports gave scant information about the affairs of their company and that there is a need for some pages in the report dealing with the principal features of the year's trading activities.

Some large companies proceed on these lines: the directors' report is confined to matters of major importance or required by statute, such as the appropriation of the profits, any remarks affecting dividend policy, the acquisition of important new subsidiaries, changes in the directorate, the appointment of auditors, and so on.

Then they publish a review of the year which deals with trading conditions past and current and makes some reference not only to the experience of the company itself but also to world conditions affecting that experience.

This review of the year could be said to take the place of the chairman's speech, but the chairmen of the companies I have in mind do in fact deliver a speech at the meeting which has not been incorporated in the annual report and which deals more empirically with matters affecting the industry with which the company is concerned—perhaps political questions or other wide general influences affecting the company. The speech will frequently be an expression of personal opinions of the chairman rather than an account by the Board.

If the report is concerned with a large group, I think it is most desirable that there should be an additional section of the annual report giving some information about the principal subsidiary companies.

#### **Lay-out of the financial accounts**

Coming now to the financial accounts themselves, we have to consider who we expect will read the report. In the case of the companies of which I am thinking, the great bulk of the readers will be ordinary individuals with little or no knowledge of financial affairs and certainly not versed in the technique of company accounting. Most of them will be shareholders and some will be employees.

Then there will be a much smaller body of specialists who will see the accounts, stockbrokers, bankers, economists, investment analysts, financial journalists and others, who will have some ability to interpret accounts and for whom straightforward reporting of figures is the best approach.

But the great bulk of the readers will be ordinary investors or potential investors without any highly specialised knowledge and I suggest that it should be their needs that we keep principally in mind when designing the financial accounts.

If it is desired to make a special effort to interest the employees in the accounts, then I suggest that a separate version should be produced for them.

In the case of the ordinary investor with a few hundred shares, what is the subject that most interests him? I think we would all agree that he wants to know only what is the profit of the year and how it compares with the previous year, what dividend he is going to receive and whether that is more or less than the previous year's dividend.

If you take any annual report you will find it opens naturally at the centre and I suggest that the information

that the shareholder is most interested in should appear on that centre opening, if possible.

#### **Profit and loss account**

Keeping in mind the very limited requirements of the average shareholder, I would like to see the modern profit and loss account kept as simple as possible. Some holding companies publish not only a group profit and loss account but also the separate profit and loss account of the holding company. While there may be special reasons in some instances, this procedure appears to me to have very little point and to be rather confusing. The whole emphasis nowadays is on the group position; the profit of the parent company is frequently determined by how much is needed to service the capital of the parent company.

My mind goes back to the days when profit and loss accounts were very simple. They showed little else than the profit for the year, how much was placed to reserve and how much was paid out as dividend: what is wrong with preparing the consolidated profit and loss account in just that form (see the example on the next page)?

I do not believe the average shareholder is interested in how much of the group profit is attributable to minorities, or how much of the profit was placed to reserve by the subsidiaries and how much by the parent company. Let us have a simple statement of profit and loss showing just the essential figures.

Naturally, we must not forget the investment analysts and others whose needs are greater than those of the average shareholder, nor must we forget the statutory requirements to show certain information in the profit and loss account. But I suggest that it is not unreasonable to place the detailed information necessary for these purposes in notes to the profit and loss account which can be printed in smaller type so that the ordinary man in the street can distinguish what is important to him from what is not.

I know that one of the things that the Companies Act requires to be stated is the amount of the profit of the parent company. But that can be shown merely as a figure—there is no obligation to show how it is arrived at and I do not believe that the majority of people are in the least interested, not even the financial analysts.

#### **Balance sheet**

Turning now to the balance sheet, I am glad to see a noticeable trend towards simplicity. I have not a great deal of sympathy with those who find it necessary to present a simplified balance sheet as well as an official balance sheet. What is the objection to drawing up the official balance sheet in some simple form so that it can be understood without any technical training and then placing the details on another page where they can be studied by the financial experts who are interested?

Nor do I think that the vertical balance sheet is any improvement on the horizontal form—in fact, unless it is extremely carefully prepared I think it is often more difficult to understand even by the expert. And when one



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I'm called  
on to  
speak about ..



SECRETARY—

My chief  
expects me  
to know...



TEACHER—

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sure of  
my facts...



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questions...



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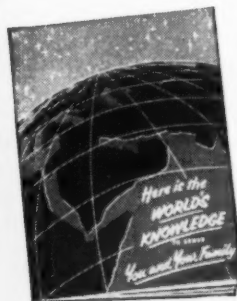
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sees so much detail crammed into a vertical balance sheet that it has to extend over two pages, one might just as well place the assets on the one side and the capital and liabilities on the other.

Following up the line of thought that the balance sheet should be in the simplest possible terms, may I suggest that it is unnecessary to itemise the various reserves. One still runs across the balance sheet which shows a general reserve, contingencies reserve, investment reserve, and so on, and I recently saw one that classified the reserves under nine different headings. If the company falls on hard times all the reserves are available for contingencies, dividend equalisation or for any other purpose. If it is desired, for some special reason, to maintain the separate reserves in the books of account, it is surely necessary in the published accounts to state only one figure unless, in order to comply with the Companies Act, one has to show "capital reserves" and "revenue reserves" separately.

Much of the detail about cost, depreciation written off fixed assets, details of debenture issues and information of that nature which is only of interest to the specialists, can, I suggest, usefully be shown in notes to the balance sheet as an aid to simplicity in the balance sheet itself. One must enter a *caveat* here; there may well

be information which, although *prima facie* a detail and of little interest to the average shareholder, ought of necessity to be stated on the face of the balance sheet if a true and fair view is to be disclosed.

Such an item is, I feel, the future United Kingdom taxation. One sees balance sheets in which the tax equalisation account and the tax on the profits of the year of account are added together and shown as a single amount. I feel that this is carrying simplification rather too far. The tax equalisation account may not become a liability in the foreseeable future, whereas the tax on the profits of the year is a liability deferred for perhaps no more than twelve months. The two cannot in my view be combined in a single amount if a true and fair view is to be shown.

Another item which can be of considerable importance is the investment allowance relief from taxation. I feel that we have not yet discovered the best way of treating this in published accounts.

#### Supplementary financial statements

It is becoming increasingly usual to incorporate supplementary financial statements in the annual report, such as a record of ten years' figures, a use of funds statement or a simplified balance sheet.

A COMPANY LIMITED				
CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 1959.				
	1959	1958	NOTES	
	£	£	1959	1958
			£	£
Group surplus before taxation ..	400,000	360,000	Group surplus before taxation	
Taxation .. .. .	180,000	170,000	The following items have been taken into account:	
Group net profit after taxation ..	220,000	190,000	Charges	
			Depreciation of fixed assets .. ..	90,000 85,000
			Debenture interest (gross) .. ..	30,000 30,000
			Income	
			Income from trade investments ..	10,000 9,000
Appropriated as follows:			Directors' emoluments	
Retained in the business			Fees .. .. .	2,000 2,000
Minorities .. .. .	60,000	35,000	Salaries .. .. .	27,000 27,000
Capital reserves ..	40,000	25,000		29,000 29,000
Revenue reserves ..	50,000	60,000	Taxation	
	150,000	120,000	The charge in the profit and loss account is based on the profits of the year and consists of:	
Dividends less income tax			Income tax .. .. .	105,000 100,000
To minority shareholders	20,000	20,000	Profits tax .. .. .	38,000 22,000
To A Company shareholders proposed dividend of 10 per cent. ..	50,000	50,000	Transfer to tax equalisation account	37,000 48,000
	70,000	70,000		180,000 170,000
	220,000	190,000	Proportion of group net profit after tax applicable to:	
			Minorities .. .. .	80,000 55,000
			A Company Limited .. .. .	140,000 135,000
				220,000 190,000
			The proportion of group net profit after tax dealt with in the accounts of A Company Limited is £85,000 (£82,000). The appropriation of this amount is dealt with in the directors' report.	

In connection with the first of these features, the ten years' record, may I make these points:

(a) The number of headings should be restricted to those that are essential to show the growth of the business. There is rarely any point in setting out every item in the accounts in full, as is sometimes done.

(b) The figures in the ten years' summary should be supplemented by such percentages or other information as may be necessary to place the figures in their proper perspective. For example, a point in which one is particularly interested when examining a ten years' record is whether the additional capital employed in a business year by year has earned a reasonable profit, and the answer cannot be obtained readily unless the ten years' record shows the percentage that the annual profits represent on the capital employed.

(c) For reasons of space one sometimes sees the last three significant figures omitted. I am rather against this practice if one is preparing the accounts for the man in the street. So much depends upon the visual effect that the report produces and I think that the size of the figures is lost to the eye if one omits the last three figures. By all means round up to the nearest thousand pounds but do not omit the three noughts.

A "use of funds" statement is very informative for financial writers but I doubt if it is of much interest to the man in the street and therefore I do not think that it should occupy one of the more prominent places in the annual report. An important point in the preparation of such a statement is that it ought to take into account the addition to cash resources that results from having earned the provision for depreciation. One does sometimes see a statement which merely shows the changes in the net items on the balance sheet and this does not produce a "use of funds" statement.

If a simplified balance sheet is to be included (though, as I have said earlier, it should not in my opinion be necessary) it should not be headed "what we own" or "what we are worth." Other headings which should not be used are "financial condition" or "financial position." Nor in my opinion should the shareholders' funds be described as the "net worth." All these expressions could imply to the non-technical reader that the figures in the statement are the current value of the various assets.

#### Use of charts

May I nail my colours firmly to the mast and say that I am not in favour of "pie charts." They seem to have first become popular when it was desired to stress that the wage earners took much more out of a company than did the shareholders. Their purpose was originally political but they are coming to be regarded in some quarters as essential to the understanding of accounts. I regard them as psychologically bad, particularly when they take the form of an illustration of a cake. The gross revenue earned by a company is almost always the product of a great deal of extremely hard work on the part of all the employees and they would certainly not regard their wages as a piece of cake! Other forms of the same kind of chart purport to show how each £1 of sales was spent.

This seems to me to be misleading and confusing to the non-technical shareholder. It is unlikely that any particular £1 of gross income was spent in the particular ratio in the chart. The chart gives the impression that the gross profit on every £1 of sales is the same and we all know that that is quite impossible.

You will notice that these charts are frequently accompanied by actual figures of turnover and expenditure and perhaps by percentages, and I suggest that if we are serious in our desire to encourage people to understand our accounts we should set out the information attractively in figures so that they may be encouraged to understand them without resorting to misleading cartoons.

Then I would like to say a word about other forms of charts and to deprecate their use merely in order to brighten up the pages of the report. One sometimes sees a "use of funds" statement set out in the form of a chart without actual figures. This presentation must be particularly frustrating for the financial analyst who needs no chart to encourage him to use the figures, and who finds the chart is on a fairly small scale so that the figures that have been used cannot be accurately deduced. Other forms of charts which in my view need to be used with considerable circumspection lest they become merely distracting, are bar charts in which a single bar is split up into two or three sections so that one is unable to compare the size of the sections from year to year; little men running along the bars and illustrations of plant, stocks, cash, and the like to explain the meaning of the headings in a balance sheet.

Any chart, if its inclusion in the annual report is to be justified, should tell a story and in order to do so it is usually necessary to relate one set of figures to another. One of the best examples I have seen of the use of charts is in the *Monthly Bulletin for Industry*, published by the Information Division of the Treasury. There one sees charts used to excellent effect without any loss of dignity.

#### The future

The indications are that the man in the street is becoming increasingly interested in the affairs of public companies and I think it is up to the accountancy profession to devise methods of making our annual reports interesting, focusing attention on important points, satisfying the reasonable needs of the financial analysts and producing a readable and attractive document without drawing on the technique of the strip cartoons of the popular press.

I was impressed by Sir Arthur fford's remark at the recent luncheon of the London and District Society that an essential object of the education of a lawyer is to teach him to avoid multiplicity of words in order to reduce ambiguity and so, too, of accountancy, to reduce figures to the minimum that spotlights the bare essentials.

There has been a big improvement in the quality of annual reports in the last ten years. Credit is shared by accountants, public relations consultants, typographers, *The Accountant* Oscar Award and others, but in my opinion it is for us, the accountants, to take a lead in this matter. The opportunities exist: the challenge is there.





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There is a good deal of specialisation among unit trusts. The author deals with the subject by type of investment, by class of client, by the means of purchase and by the combination of purchase with other forms of thrift.

## Specialist Aspects of Unit Trusts

by E. W. I. Palamountain

(of the Municipal and General Group of Unit Trusts)

DID YOU KNOW that a unit trust was once formed with assets consisting entirely of whisky?

The question is not intended purely as a joke. The popular concept of a unit trust is probably a portfolio of industrial securities in which the small investor can take an interest at certain (presumably favourable) times by filling up a coupon at the bottom of a half-page advertisement in the *Daily Wonder*. This concept, which has taken shape as a result of the publicity of the last two years, is very far from accurate; but it is not the purpose of this article to criticise either the practice of making these "block offers" or the advertising methods which are employed to promote them. What we are concerned to do here is to consider some specialist aspects of the unit trust principle which are less widely publicised but often of much greater interest to the connoisseur—and even the merely knowledgeable. Specialised uses of unit trusts can follow any one of a number of variations on the original theme.

### Specialist portfolios

The first and perhaps the most obvious class of variation is that of the portfolio itself. You could have a unit trust (as we have seen) in whisky; you could equally well have one in Old Masters, or diamonds, or claims on the surface of the moon, or any other kind of asset. Less recondite examples of this variation are well known to many investors; there are a number of highly successful unit trusts offered to the general public whose portfolios contain not industrial shares but the shares of insurance companies or banks or investment trusts. Likewise, there have been unit trusts in gold shares and in foreign bonds. And there is at least one trust specially designed (if we understand it aright) for high-tax-bracket refugees to tropical islands. There will surely be more innovations of this type in the future.

### Specialist clients

Closely connected with the specialised-portfolio trust,

often in practice the same thing, is the trust for the specialist client. A good example of how the two concepts overlap is the "tropical island" idea we have just mentioned. But there are other, more humdrum, instances. The first that comes to mind is a trust set up in 1957 for the benefit of self-administered pension funds. So far this has been the only trust confined to a class of institutional investor, and it may be thought to be of particular interest to secretaries and accountants of smaller companies who are called upon to advise on whether a self-administered pension fund would be more advantageous for the company than an insured fund, and if so, what arrangement can best be made for the investment management. The inability of the small fund to obtain an adequate "spread" of equities or continuous expert management has been very much of a problem in the past and has probably deterred quite a number of companies from establishing their own pension funds. This particular trust therefore fulfils a useful purpose; and the same will certainly be true of another of the same general type which has just been launched (see ACCOUNTANCY, February, page 60). This trust is designed for charities, and, being restricted to such bodies as are recognised in this respect by the Inland Revenue, will enjoy the concessionary rate of stamp duty and, what is much more impressive, it will make its dividend payments without deduction of tax. Units of this trust can be acquired either for cash or in exchange for existing holdings of securities. It may be anticipated that many charitable bodies already empowered to invest in equities will take advantage of it and that many more will join them when the Trustee Acts are ultimately amended.

Under this heading, too, we should note the trust set up nearly twenty years ago by a London stockbroker for his clients and now a highly successful fund. The machinery of the London Stock Exchange and of the offices of individual brokers has recently come under very heavy pressure, and members of the exchange are inevitably seeking ways and means both of relieving this pressure



and also of reducing the cost of carrying out transactions for the smaller client, whose business, gallantly as many members handle it, is a pretty uneconomic proposition. The consolidation of numerous small accounts which a unit trust makes possible brings great simplifications and economies, and it will be very surprising if more firms do not follow the example of the one which has led the way in this field.

#### Acquisition of units

The third main variation concerns neither the portfolio nor the clientele but the method of acquiring units. Although this is never a difficult matter, some new investors may be deterred by lack of knowledge of the procedure, and these must welcome the arrangements which enable the units of one or two trusts to be bought "over the counter" by anybody who cares to walk into a Scottish bank for the purpose. One unit trust management company, too, has set up a counter of its own at the Ideal Home Exhibition at Olympia. A more serious deterrent is lack of cash. The steady increase in the popularity of equity investment has coincided, to some extent, with the steady replacement of the investor with capital by the investor without capital. More and more people wish to become solid investors without the immediate means of making a solid investment. It is not surprising, therefore, that schemes have been devised to enable the investor to acquire a beneficial interest in a scheme of communal equity ownership without paying for it in advance. The most obvious way is simply to lend him the money, with or without a lien on the units he buys with it; and one or two unit trusts offer facilities, provided by hire purchase companies, for just this purpose. Nor is it surprising that schemes have been devised to achieve tax relief on this sort of operation by linking it with life assurance. One firm of insurance brokers has devised a scheme in conjunction with a well-known life office under which the investor makes a deposit of one-quarter of the total to be invested while the life office advances the other three-quarters. The amount of the advance becomes the sum assured; the investor pays interest on the loan at a fixed rate and annual premiums on the sum assured, but the premiums attract the normal life assurance relief. The securities to be purchased with the total sum are chosen by the client from a prescribed list of unit trusts and investment trust companies, and the shares concerned are released to him when the policy matures; meanwhile he receives the net dividends on them.

#### Insurance-cum-unit trust

There are at least three other instances of the combination of insurance with unit trusts. In the first and simplest the policy merely insures that a programme of regular investment shall automatically be completed if the investor dies in the meantime. This is no more than a very modest arrangement and the degree of tax relief is small. The second scheme is an endowment policy under which

the investor pays premiums and obtains relief in the normal way, receiving, on maturity, either the sum assured or that sum adjusted by the change in the price of the trust units subsequent to each annual premium, whichever is the greater. The investment income arising in the meantime goes to the insurance office. The third scheme takes advantage of the provisions of the Finance Act of 1956 for the benefit of the self-employed. It provides a retirement annuity based on trust units; each single premium is notionally converted into units and the insurance office offers, in respect of it, the future value of a certain number of units as annuity. Here there is full tax relief on the premiums themselves, and the insurance office, which again receives the investment income, is enabled to accumulate gross.

Now both the endowment policy scheme and the variable annuity scheme as described are open to one rather serious objection. They create a conflict of interest. The policyholder is naturally concerned, in both cases, that the price of units when the policy matures shall be as high as possible; in other words, his interest is in capital appreciation. The interest of the insurance office, on the other hand, lies in the maximisation of income. Insofar therefore as the insurance office is associated with the unit trust concerned, difficulties over investment policy would seem hard to escape. It is right to say here that one prominent insurance office has devised a variable annuity scheme in which this conflict of interest does not arise. But this particular scheme is not connected with any unit trust.

A criticism of a different kind may be made of schemes enabling investors to buy units without paying for them at once. In effect, these schemes simply allow buying on margin, a practice which most responsible advisers would surely deprecate, especially for the new investor. Another aspect of this objection is that such arrangements inevitably put a premium on correct timing which, in their case, is entirely gratuitous. There are indeed moments when it really does seem advisable to borrow £10,000 in order to invest it in equities; but there are many more times when the investment adviser positively welcomes circumstances which oblige a client to spread his risk in timing of purchase as well as in diversity of securities. Time, in fact, is a further dimension of safety, of which the investor of the future, obliged to build up his holding out of income, may well be thankful that he can take advantage.

#### Savings schemes

It is not often that one can genuinely make a virtue out of necessity, but some investors in trust units do seem to be in the happy position of doing so. They are the investors who purchase by a method perhaps too well known to be regarded as a specialised variation—the savings scheme or "Thrift Plan" facilities which most unit trusts now offer. Here the safety factor of time-spread, the connected benefits of "averaging" and the absence of any financial over-commitment unite to the advantage of the investor and the peace of mind of his adviser.

Most auditors are under the same civil liability as most company officers. The criminal law also treats them in the same way.

## Auditors as Company Officers

By a Barrister-at-Law

AN AUDITOR OF a company appointed under Section 159 of the Companies Act, 1948, is an "officer" for the purposes of civil liability under Section 333, which covers misfeasance. He is an officer, even though the definition of the term does not expressly refer to an auditor. While it is by no means obvious on the face of the Act that an auditor is included in the term for civil purposes, the law has been settled in this sense since a series of cases in the 1890's. Strenuous arguments were then advanced for the contrary interpretation but they did not convince the Court of Appeal. Recently the Court of Criminal Appeal has carried the law a stage further by holding that an auditor is an officer of the company for purposes also of criminal liability under certain other Sections of the Companies Act and of the Larceny Act, 1861. In *R. v. Shacter* (1960, 1 All E.R. 61)—a case briefly reported and commented upon in our issue of last December, page 640—an auditor of a company unsuccessfully appealed against his conviction at Manchester Assizes on various counts on the ground that the Judge had misdirected the jury that if he had been appointed auditor and was exercising the office of auditor at the relevant time he was an officer of the company in question. His conviction and sentence of nine months' imprisonment stood.

The definition Section of the Companies Act (Section 455 (1)) says:

"officer," in relation to a body corporate, includes a director, manager or secretary.

In Section 159, which deals with the

appointment and remuneration of auditors, the word "office" is used but not the word "officer":

Every company shall at each annual general meeting appoint an auditor or auditors to hold office from the conclusion of that, until the conclusion of the next, annual general meeting.

Is an auditor, then, within the scope of Section 333 which imposes civil liability for various forms of misfeasance in a winding up on "any person who has taken part in the formation or promotion of the company, or any past or present director, manager or liquidator, or any officer of the company"? The answer is: Yes, both under the present and under the earlier company legislation, which was in similar terms.

### Company officers and criminal offences

An auditor is also an officer within the scope of certain other Sections of the 1948 Act, defining criminal offences. The appellant in *R. v. Shacter* was an auditor of the M.S. Co. and the W.N.M. Co. and was charged with a director of the same companies on several counts with various forms of fraud. One count was framed under Section 330 (a) which makes it a misdemeanour:

if any person, being at the time of the commission of the alleged offence *an officer of a company* which is subsequently ordered to be wound up by the court or subsequently passes a resolution for voluntary winding up, has by false pretences or by means of any other fraud induced any person to give credit to the company.

The director had formed a private company to carry on a family business, and the appellant was appointed

auditor at an annual general meeting of the company, his appointment being continued year by year after that. He was also appointed auditor of another company formed by the director. The companies, or one of them, got into financial difficulties and ultimately, with a view to obtaining an overdraft from a bank, certain figures, showing among other things the stock position, were put before the bank. The charges were made in connection with the putting forward of these figures, which proved to be false.

Another count was framed under Section 331 (1) which imposes the obligation to keep proper books of account throughout the period of two years immediately preceding the commencement of the winding up. "*Every officer of the company* [our italics] who is in default shall, unless he shows that he acted honestly and that in the circumstances in which the business of the company was carried on the default was excusable, be liable" on conviction on indictment or on summary conviction.

A further count was framed under Section 328 (1) (j) in respect of an entry of the value of stock in the trading account of one of the companies. This Section defines many offences which can be committed by "any person, being a *past or present officer of a company*" in liquidation. Sub-Section (1) (j) deals with the officer who:

within twelve months next before the commencement of the winding up or at any time thereafter, conceals, destroys, mutilates or falsifies, or is privy to the concealment, destruction, mutilation or falsification of, any



book or paper affecting or relating to the property or affairs of the company. Section 328 (3), unlike the two Sections previously mentioned, does enlarge a little on the meaning of the term officer, but it does not attempt a definition. It states:

For the purposes of this Section the expression "officer" shall include any person in accordance with whose directions or instructions the directors of a company have been accustomed to act.

#### The auditor's office

The argument advanced on behalf of the auditor in *R. v. Shacter* can be summarised as follows. An auditor, it was said, is *prima facie* not an officer, his duty being to safeguard the shareholders and not to help the directors; he is not concerned with the day-to-day running or internal management of the company and he is not a member of its executive. It would be surprising, so runs the argument, to find him treated by the legislation as an officer, and great stress was laid on the definition Section of the Companies Act, Section 455 (1). As already quoted, that definition says that an officer includes a director, manager or secretary and no reference is made to auditor. But this line of argument did not convince the Lord Chief Justice and the other two members of the Court of Criminal Appeal.

The most relevant Section, said the Lord Chief Justice, was Section 159 (1), which also has been already quoted. Reference is made in the Section to auditors appointed to hold office and to the office of auditor. Said Lord Parker:

Pausing there, it can well be asked to what office an auditor is being appointed unless it is an office in the company, and what officer he becomes unless it be an officer of the company.

There were other factors to be considered. Turning to Section 161 (2), it is provided:

None of the following persons shall be qualified for appointment as auditor of a company—(a) an officer or servant of the company. . . . References in this sub-Section to an officer or servant shall be construed as not including references to an auditor.

It follows, firstly, that an auditor becomes, or at any rate may become on his appointment, an officer of the company, otherwise the last sentence is unnecessary. Secondly, if he does become an officer of the company, it can only be by reason of being an auditor, for if he became an officer for any other reason he would be disqualified under the sub-Section.

Other passages in the Companies Act show that an auditor may or may not be an officer of the company. Section 167, which deals with the duty to produce documents and evidence in Board of Trade investigations, provides in sub-Section (5) that any reference in the Section to officers or agents shall include past as well as present officers or agents and that for the purposes of the Section the expression "agents" shall include:

the bankers and solicitors of the company or other body corporate and any person employed by the company or other body corporate as auditors, whether those persons are or are not officers of the company or other body corporate.

Section 205 makes void any provision in the Articles of Association of a company or in any contract for exempting from liability:

any officer of the company or any person (whether an officer of the company or not) employed by the company as auditor.

Similar phrasing is to be found in Section 448 (1).

#### Misfeasance by officers—auditors included

These various statutory references to auditors and officers are hardly in themselves conclusive of the question in issue in *R. v. Shacter*; they leave a distinct impression of ambiguity in relation to the general status of the auditor, his particular status under individual Sections being made clear by words which cover either contingency. It was the authority of previous decisions in civil cases which really decided the question in the case. The decisions were under the misfeasance Section in earlier Acts dealing with civil liability. They show that an auditor appointed to fill an

office is an officer, whereas an auditor appointed *ad hoc* for a limited purpose is not.

The first case is *Re London & General Bank* (1895, 2 Ch. 166, C.A.) in which an auditor had been appointed by a banking company pursuant to Section 7 of the Companies Act, 1879; the Section provided that once in every year at least the accounts of every banking company "shall be examined by an auditor or auditors, who shall be elected annually by the company in general meeting." Section 7 (2) provided that "a director or officer of the company shall not be capable of being elected auditor of such company." The Court of Appeal held that an auditor was an officer of the company within the relevant misfeasance Section. But it is true that in this case the Articles of Association of the banking company in fact defined auditors and the secretary as meaning those respective "officers" from time to time of the company. In other words, the Articles (unlike those in *R. v. Shacter*) were treating auditors as officers. The judgments, however, are mainly based on the wording of the Sections of the Act and the nature of the appointment; they are not based essentially on the Articles.

Stress was laid on the facts that the auditor was appointed by the company, that he was paid by the company, and that although he was not a servant of the directors, being appointed to check them, there was no reason why he should not be considered an officer. Reference was made to an observation made by Cave, J., in *In re Liberator Permanent Benefit Building Society* (1894, 71 L.T. 406) where it was held that a solicitor to a building society appointed at an annual salary in return for general services was, in the circumstances, an officer of the society. Cave, J., said:

It seems to me that merely because he was appointed solicitor to the society, without more, the solicitor does not become an officer of the society any more than it has been held that a banker does if he is appointed banker to the society, or a broker if he is appointed broker to the society, or the



auditor if he is appointed auditor to the society.

But the attention of the Judge does not seem to have been drawn to the misfeasance provisions and his remarks about an auditor are *obiter dicta* and not a decision, as was pointed out by the court in the *London & General Bank* case.

#### Auditors distinguished from bankers and solicitors

This last-mentioned decision was followed in *Re Kingston Cotton Mill Co.* (1896, 1 Ch. 6, C.A.) despite the fact that there was nothing in the Articles of Association in that case corresponding to the Articles in the other. The lack of a supporting argument from the terms of the Articles did not lead to a different conclusion.

In the following passage from the judgment of Lord Justice Vaughan Williams the continuity of the auditor's office is stressed and its bearing on the running of the business:

He is not a person who is called in according as he is wanted or not wanted; he is appointed in each year. He is a person without whose appointment it would be impossible under these Articles for the business of the company to be carried on in any year; that is to say, so far from being an occasional accidental officer appointed to perform duties which might or might not arise, he has to perform duties without the performance of which the company could not in any year, according to the Articles, go on or the directors perform their duties. And, moreover, he not only has to make the audit and report—without which the dividends could not be declared or the financial business of the company be carried on—but he has a duty to perform in conjunction with the directors. . . . He and the directors together have to do a series of acts without the doing of which a dividend cannot be declared.

Turning to the argument that auditors are not officers of a company because bankers are not and because solicitors are not, Vaughan Williams, L.J., agreed that *prima facie* bankers and solicitors are not officers, though they could be in particular cases. Normally they did not have duties comparable with those of an auditor and their duties, unlike his, were "not pre-

scribed by the constitution of the company."

#### Auditors specially employed—not officers

The distinction between an auditor appointed to the statutory office and one who is merely appointed for some limited purpose was acted on by the Court of Appeal in *Re Western Counties Steam Bakeries & Milling Co.* (1897, 76 L.T. 239). In this case a firm of chartered accountants was engaged by the directors to prepare a balance sheet. The firm was paid for this work and later was engaged by the directors to prepare a balance sheet and audit the accounts. The firm was not appointed auditors by the shareholders in general meeting and was held not to be liable as officers of the company in misfeasance proceedings. Lord Justice Rigby explained the distinction in this way:

They were simply asked by the directors to do certain work which any accountant might have done, and they did it. I cannot see how, in any point of view, they were officers of the company. They had no rights, they were simply servants for the time being employed by the directors, who could have dismissed them at any moment. That is not the position of an officer of the company. He holds an office. I do not say that he may not be removed from his office, but he can only be removed for just cause. These gentlemen could have been dismissed at the mere whim of the directors.

It was true that the accountants were doing the work, or some of the work, of an auditor properly appointed. They were *de facto* auditors and the law is clear that a *de facto* manager and a *de facto* director may be a "manager" and a "director" for purposes of the Companies Act. But for this analogy to apply it would have to be shown that the accountants were *de facto* "officers." That could not be shown in the case. "Some auditors are officers of the company, and some are not," said Smith, L.J., adding: "It is no good showing that a person performs auditor's work; it must be shown that he is a *de facto* officer of the company."

It having been held that a person appointed by a company to the office of auditor of the company is an officer within the meaning of the misfeasance Section, the Court was asked to take a step further and to hold that a person who has never been appointed to the office of auditor or to any other office in the company is nevertheless an officer of the company if he has performed work which an auditor, if he had been appointed, would have undertaken and performed. The Court of Appeal declined to take this further step. As Lindley, L.J., summed it up: "Messrs. Parsons and Robjert performed the duties which an auditor would have had to perform; but it appears to me that they were no more *de facto* than they were *de jure* officers of the company. They were simply accountants called in by the directors to do a piece of work, and they never were, and never pretended to be or acted as if they were, anything else."

This distinction is taken in Section 334 (5) of the Act, which imposes a duty on the liquidator and every officer and agent of the company to give assistance in connection with certain prosecutions. For the purposes of the sub-Section the expression "agent" is "deemed to include any banker or solicitor of the company and *any person employed by the company as auditor, whether that person is or is not an officer of the company*" (our italics).

#### No distinction between criminal and civil cases

All the precedents before *R. v. Shacter* were dealing with questions of civil liability, but in that case the Court of Criminal Appeal, in the words of the judgment delivered by the Lord Chief Justice, saw "no reason to draw any distinction in a criminal case." Section 333, the present misfeasance Section, must be taken to have been passed with full knowledge of the precedents. The words of the Section are virtually the same as the words in the earlier Acts. It is a Section which follows closely on the Sections creating criminal offences. The Court saw no reason to give any different interpretation to the word "officer" in the penal

Sections from that given to it in Section 333.

Counsel for the appellant auditor urged that under the present legislation there is no power to appoint an auditor except under Section 159 (1) of the Companies Act. If that be so, the words "whether an officer of the company or not," which appear in the various Sections already referred to, are meaningless. According to the judgment in *R. v. Shacter*:

The scheme of the present legislation is really to perpetuate the distinctions drawn in the cases referred to, and . . . it would still be possible under this legislation for the directors as opposed to the shareholders in annual general meeting to appoint, for instance, somebody as auditor for a limited purpose, it may be for a private audit. Looked at in that way, it becomes

clear at once why no reference to "auditor" is specifically put in the definition Section.

A further illustration of the distinction is the Scottish case of *Findley v. Waddell* (1910, S.C. 670), in which it was held that an accountant who had received certain books and papers of a company for the purpose of preparing a balance sheet was not an "agent or officer of the company" within what is now Section 258. Under that Section the court may, after a winding-up order, require (among other persons) any "agent or officer of the company" to deliver property to the liquidator.

#### An auditor a "public officer"

Other criminal charges in *R. v. Shacter* were brought under Sections 83 and 84 of the Larceny Act, 1861, the offences consisting of falsifying

books of account of a body corporate or public company and publishing fraudulent statements. These special statutory offences can be committed only by certain classes of persons including a director and a "public officer" of a body corporate or public company. The appellant was held to be rightly convicted as being within the words "a public officer of a public company." No one suggested that in this case the word "public" added anything—and so if he was an officer he was a public officer of the company. The company in question appears to have been a private company for the purposes of the Companies Act, 1948, but it has been settled by the case of *R. v. Davies* (1955 1 Q.B. 71) that such a private company is a public company for the purposes of the Larceny Act, 1916.

## Contracting Out

By J. H. Kitton, F.I.A.

CONSIDERATION OF THE contracting-out problem falls fairly naturally under four headings, namely:

- (a) the conditions that have to be complied with by those who contract out;
- (b) the financial considerations involved;
- (c) the administrative difficulties; and
- (d) the future uncertainties.

#### Conditions to be complied with

1. Any contracted-out employee must be a member of an employer's pension scheme. This is an obvious requirement but a point to note is that there must be no doubt in the future in regard to a contracted-out

employee as to whether or not he is contracted out or as to whether or not he is a member of his employer's scheme. The eligibility provisions in the rules of the scheme itself may be imprecise, in which case a precise definition of the "employments" or "descriptions of employees" embraced by the certificate for contracting out will be required by the Registrar. Moreover, it seems probable that membership of the scheme will require to be provable by reference to a nominal roll.

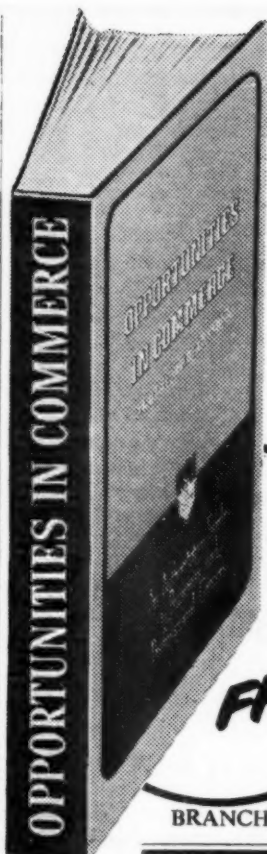
2. Some only of the members of a scheme may be contracted out. Because of this the descriptions of the "employments" or the "descrip-

tions" of the particular employees concerned must be not only precise but must include also "membership of the XYZ pension scheme" as part of such description. Here again membership of the pension scheme may have to be provable by reference to a nominal roll. Points to note are:

Vague terms of description must be avoided. Terms such as "staff",

*A slightly condensed version of a paper given to the Insurance Institute of London by Mr. J. H. Kitton, F.I.A., on February 22, 1960.*

"supervisory grade" and so on would be vague unless the employer can confirm to the Registrar's satisfaction, and produce some supporting evidence, that such terms do represent



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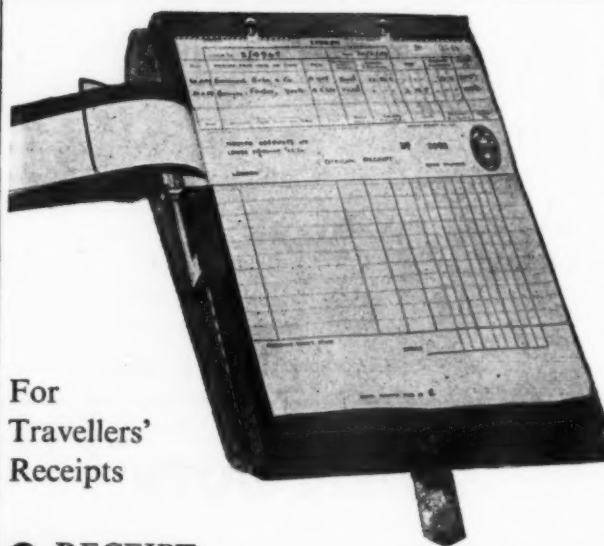
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a clear division of his employees which is fully understood by them. "Earnings," which are often liable to considerable fluctuations, are not generally an acceptable basis for description of contracted-out categories, though earnings over a past period—for example, the last fiscal year—which are definitely known may be acceptable as a basis of "description." Rates of basic wages, however, which do not fluctuate at frequent intervals will in general be acceptable. I understand, too, that salary grades may also be acceptable, particularly if accompanied by a provision that an employee, once contracted out on such a basis, should continue to be contracted out even if he is eventually reduced to a lower grade.

3. The pension to a contracted-out employee must be available to him from age 65 (female 60). There are certain points to note in this context. For example, a "nearest retirement age" down to 64½ (F. 59½) or up to 65½ (F. 60½) will be permitted. The private scheme may, however, provide for earlier or later retirement if the following points are observed:

If retirement age is below 65 (F. 60) the benefit on retirement must be such that from the age of 65 the employee will receive at least £2 6s. 2d. per annum (F. £1 18s. 6d.) in respect of each year of contracted-out employment.

A retirement age later than age 65 (F. 60) is permissible if the employee nevertheless has an absolute right to retire at that age with a pension of at least the appropriate amount from that age. Provided that is so, there is no requirement that the pension shall be augmented if the employee's pension is deferred to a later date; in fact, it seems that the Registrar could probably not object if the employee were to receive his State level pension while still at work.

4. The amount of the pension available to the contracted-out employee must be equal to the maximum graduated pension which a contracted-in employee, with the same period of employed service after April, 1961, could obtain if his earnings were £15 or more per week throughout that service. That amount of pension must be an absolute en-

titlement so that it therefore cannot depend upon future bonuses under a with-profit contract without some adequate guarantee by, say, the employer to make up any deficiency.

The requisite pension provision under the private scheme must be a definite benefit to which the employee is absolutely and indefeasibly entitled.

5. It is not necessary for a contracted-out employee's pension to include a widow's benefit corresponding to that which the State scheme would provide for the contracted-in employee. We in the insurance world should, I feel, be particularly careful not to encourage contracting out unless the private scheme concerned provides a pension benefit comfortably greater than the legal requirement and also some "death in service" benefit which would give some cover to the widow.

I have heard it suggested that some new insurance schemes might be arranged to provide the minimum pension requirement for contracting out to meet the case of the employer who wishes to contract out but does not wish to commit himself to anything but minimum staff provision. Such arrangements would, in my opinion, be altogether contrary to the spirit of the Pensions Act.

6. Whenever a contracted-out employee ceases to be in contracted-out employment, either because he withdraws from that employment or because the private scheme for some reason terminates, arrangements must be made for his accrued rights, at the maximum rate of graduated pension, to be preserved for him either within the private scheme as a paid-up pension or by a payment in lieu (P.I.L.) to the National Insurance Fund; such P.I.L.'s will be calculated at the rate of 7s. 4d. (male) and 8s. 11d. (female) for each week of the previous contracted-out employment. The employer may recover in certain circumstances one half of the P.I.L. from any refund of contributions due to the employee. The Act, however, does not provide for such recovery if preservation is made by means of a paid-up pension within the employ-

er's scheme. On the other hand it seems that the Inland Revenue will insist, in the case of a Section 379 fund, that an appropriate proportion of a withdrawing employee's own contributions shall be retained in the fund if his preserved pension is kept within the fund.

7. Schemes insured with offices to which the Assurance Companies Act of 1958 applies will normally be regarded as approvable.

8. Notification of intention to contract out by the employer to the employees is necessary, but on the other hand the consent of the employees to the proposed arrangement is not essential. An employer, for the sake of sound employer/employee relationships, is, I imagine, unlikely to persist with contracting out in the face of strong objections from his employees, but he could do so. The adequacy of the initial notice to the employees, therefore, would seem to be quite important. The regulations provide for it to be given in one of three forms, namely,

- (i) by written notification to each employee;
- (ii) by a written notice or notices posted up conspicuously in the employees' place of work; or
- (iii) by some other method which the Registrar approves.

Of these the last two came in for very severe criticism indeed from the Opposition when the regulations were debated in Parliament. In their view a notice posted up in some conspicuous place (however conspicuous a place such notices often pass unread) was a totally inadequate way of bringing to the notice of employees an action which the employer could take, if he thought fit, against their wishes. I think, therefore, that any of us connected with a contracting-out arrangement should do all we can to ensure that the employer follows the first course if it is reasonably practicable, or otherwise makes as sure as he can that everyone of his employees knows what is happening. The method of separate notifications is itself not infallible and employers may be well advised to use the notice-board method as a back-stop to it.



### Financial considerations

The Act provides for the existing contributions of 18s. 2d. per week (males) and 14s. 9d. per week (females)—employer and employee combined—to continue to be payable to the National Insurance Fund in respect of contracted-out employees for their basic pension, and for lower contributions of 15s. 4d. per week (males) and 13s. 6d. per week (females) to be paid in respect of contracted-in employees for that same basic pension.

The contributions payable (50 per cent. employer and 50 per cent. employee) in respect of contracted-in employees for their graduated additional pensions are  $8\frac{1}{2}$  per cent. of earnings in excess of £9 per week, up to a maximum of  $8\frac{1}{2}$  per cent. of £6 in respect of the employee earning £15 per week or more. Thus by contracting out an employee (male) whose earnings are less than £10 13s. 4d. per week—for females the corresponding figure is £9 14s. 9d.—both he and his employer pay more to the State scheme than they otherwise would. These amounts are exactly calculated. In most cases, owing to rounding off, the amounts will be £10 15s. 0d. and £9 15s. 0d. in practice. If such employees are contracted out there is a direct loss on contributions alone without bringing into account the commercial cost of providing the corresponding benefit.

The question of what cost of benefit to bring into account needs thought. If an existing scheme is already providing benefits satisfactory for contracting-out purposes then it would seem that it is the benefit forfeited by remaining outside the State graduated scheme to which the employer should have regard, because he has already accepted the strain of providing a level of benefits as high or higher than those which contracting out will entail. If, however, a new scheme is under consideration then there is something to be said for setting against any saving of contribution costs the commercial cost of the maximum level of benefits which contracting out enforces. Even so, the employer should bear in mind that by contracting out his employ-

ees, those earning less than £15 per week will enjoy higher benefits than if he had not done so.

For representative groups of high earning employees (all earning £13 per week or more) and lower earning employees (all earning £12 per week or less) the financial effect of contracting out after setting off "commercial cost" against contributions saved is, very approximately, a saving of  $\frac{1}{2}$  per cent. to  $\frac{3}{4}$  per cent. of the pay-roll of a high earnings group and an extra cost of  $\frac{3}{4}$  per cent. to 1 per cent. of the pay-roll of a low earnings group. For an "in-between" group embracing a mixture of high and low earning employees the financial effect of contracting out will move from an extra cost of say  $\frac{3}{4}$  per cent. of the pay-roll to a saving of  $\frac{3}{4}$  per cent. thereof according to the predominance of low or high earning employees. Thus neither the financial cost nor the financial saving resulting from contracting out a whole staff will be enormous.

Bearing in mind that it is earnings, including such payments as bonuses and overtime, which determine the contributions for the graduated benefit, it seems probable that contracting out will result

- (a) for most male staffs in some saving, though small;
- (b) for most female staffs in some extra cost—possibly as much as 1 per cent. of their pay-roll,

and that by contracting out selected categories of staff a saving in cost can certainly be achieved.

In considering cost, however, an employer should have some regard to the cost of the necessary preservation of accrued pensions on withdrawals. In respect of employees who leave the employer's service before the pensions to be preserved for them have reached a size worth preserving as a paid-up pension within the employer's scheme the P.I.L.'s which will be necessary will in no case be less than any saving of contributions already achieved in respect of *those employees* as a result of contracting them out. This factor will either aggravate the cost of contracting out a low earnings group or reduce the saving achieved by contracting out a

high earnings group, and presumably an employer will think twice before contracting out any group of employees experiencing a high rate of turnover of staff. It is perhaps just worth noting that in the case of an employee whose earnings throughout his contracted-out service are £15 per week or more the P.I.L. applicable to his withdrawal is a straight addition of the contributions which would have been paid had he been contracted in—without any addition by way of interest. In that particular case, therefore, and possibly in a case very closely analogous, the inclusion of an employee in a contracted-out scheme and payment of a P.I.L. on his withdrawal is a little less than the cost would have been had he been contracted in.

### Administrative difficulties

The initial difficulties will mainly consist of the adjustments necessary to adapt an existing scheme to contracting out such, for example, as:

The introduction of any limits of the employee's existing rights which may be necessary to ensure that he is himself indefeasibly entitled from age 65 (F. 60) to a pension of at least £2 6s. 2d. (F. £1 18s. 6d.) for each year of employed service from April, 1961. It may, for example, be necessary to limit the extent to which the employee may surrender some of his own pension to provide a widow's pension in lieu. It may, too, be necessary to limit early retirement rights so that no early retirement pension taken results in less pension payable from age 65 than the maximum State graded pension for the period of contracted-out employment.

The introduction of different paid-up pension rights on withdrawal to cover the necessary degree of pension preservation and any requisite right to the employer to recoup some of the cost of such from the employee's cash withdrawal rights.

It thus seems that the rules or policy conditions of most existing schemes will require some alteration but it may be possible to arrive at some standard forms of amending deeds and endorsements of fairly general applicability.



The short period in which to carry out the work of amending or modifying schemes—and I have heard that submissions not made to the Registrar until after September may have to take quite a back seat in the queue—is a severe aggravation. This sort of point can affect attitudes to contracting out.

The class of initial problem will also include notifications and consultations with employees and from the angle of insurance offices the possible necessity to supply cost estimates. In view of the relatively small size of the extra costs or savings of costs involved it is to be hoped that not many employers will look for really close estimates.

There is also a particular problem for the top weight type of scheme: one which already provides retirement pensions as high as the Inland Revenue will approve. The Inland Revenue in applying their limits of approval have not hitherto taken the State basic pension into account and have now indicated that they will ignore the State graduated pension. This means that they will still approve private pensions of, say, two-thirds final salary in appropriate cases, although the employee, if contracted in, will also eventually receive both the State basic pension and the State graduated pension. I understand, however, that they will still apply their present limits to a scheme which includes contracted-out employees. Consequently the most a contracted-out employee can be paid is less than the contracted-in employee could receive. This, however, seems a relatively unimportant point as a total pension of two-thirds of final salary *plus* "basic" *plus* "graduated" will probably be generally regarded as too high and would certainly be so if the State benefits should become increased. In fact it may well be thought that in the case of top level schemes contracting out will be chosen if only to avoid downward adjustments of such schemes whenever increases in the State schemes, basic or graduated, occur.

The "persistent" type of problem embraces contribution payments and preservation difficulties. Contracting out a whole staff would avoid all

difficulties connected with the calculation and payment of graduated contributions complicated by such questions as overtime fluctuations and how to deal with special payments such as bonuses.

Contracting out would, however, necessitate the inclusion in private schemes of all staff over age 18 and would thus introduce the difficulties which go with the heavy withdrawal rates likely at young ages and early stages of employment. Contracting in a whole staff on the other hand avoids the latter difficulty but entails the former.

It would seem that in the case of many employments the contracting in of young staff and new staff earning over £9 per week who nevertheless are within some period of qualifying service will probably have to be accepted and, if so, the employers concerned will be faced with the graduated contribution complexities for some of their staff.

Preservation by means of paid-up pensions will present difficulties to the insurance offices and private funds and the offices are unlikely to consent to preserve under their policies paid-up pensions of less than £6 per annum. In cases of early withdrawal therefore the employer will necessarily pay P.I.L.'s and have to accept the small consequent loss of saving. Payment of small paid-up pensions would be quite uneconomic and if many such found their way on to the books of the insurance offices the overall cost of operating schemes would be increased. This in time would become reflected in the premium rates charged, so in the long-term view it is possible that the extra cost of making small P.I.L.'s for small rights preserved will be more apparent than real.

Tracing pensioners when paid-up pensions become due—possibly long after being set up—may also present some difficulties, but if withdrawing employees are given certificates when their paid-up pensions are first set up, and such certificates show clearly the name of the insurance office involved, many such pensions will presumably be claimed without bother. In other cases enquiries of the original employer will assist and in difficult cases

the Ministry will doubtless be able to help, particularly if the National Insurance number can be quoted.

#### Future Uncertainties

Future increases in State benefits might take the form of further additions to the basic benefit without effect on the graduated portion, but if the general level of earnings increases with time until £15 per week becomes more like a minimum wage than it now is, then, if the principle of State graduated benefits is to be retained, some increase in the earnings range on which such benefits are based would seem bound to ensue.

Future growth of the graduated benefits carries with it the possibility of retrospective application which might leave contracted-out cases out in the cold. Contracting out, however, can be viewed as the forfeiture of a benefit of known value in consideration of release from known contribution commitments, and as it would seem altogether wrong retrospectively to alter that relationship it is to be hoped that this future possibility is very remote.

Apart from the point just made there is always the possibility of other subsidisation of the State graduated scheme and there is, too, the possibility of the rates of premium for insured schemes increasing if the rate of interest earned on invested funds should undergo any markedly downward change of some permanency. The happening of either or both of these features could change the present relationship between contracted-out costs and contracted-in costs in favour of the latter.

Another possibility is that the inclusion of a widow's benefit may eventually be forced upon contracted-out schemes.

There is another uncertainty which, whilst not directly related to the State scheme, nevertheless affects the considerations of contracting out, and that is the possibility—perhaps even probability—that some degree of preservation of pension rights may before so very long be imposed upon private schemes generally, that is to say, apart altogether from any contracted-out rights which they cover.

It is very difficult indeed to place a

general value upon an aggregation of the many considerations affecting contracting out, as attitudes already published show.

We have the Life Offices Association and the Associated Scottish Life Offices in *National Insurance Act, 1959—Interrelation with Occupational Pension Schemes—A Financial Analysis*, and the British Employers' Confederation, in booklet N.C.17600, being most careful—and rightly so—to avoid a definite lead in either direction. We have read recently of two big industrial firms—Ind Coope and Gilbey's—setting up new schemes, one plumping for contracting out and the other for contracting in. We have the booklet issued by C. T. Bowring & Laybourn Ltd. saying do not contract out and I know of another pension consultant's booklet almost equally strongly in favour of contracting out, and we have Mr. G. Pingstone in a recent address advocating the widest use of contracting out and his reviewer in *The Policy Holder* apparently disagreeing.

As a life assurance man, I would certainly like to see good use made of the contracting-out facility, and in this respect here are some points to remember:

(i) Saving in costs can certainly be achieved by judicious contracting out.

(ii) Accumulation over several years of such savings (a bird in the hand) may outweigh any cost of equalising adverse retrospective action by the State if it ever happens (a distant bird in a distant bush).

(iii) Some degree of "preservation," apart from that associated with contracting out, may be imposed upon private schemes—therefore preservation difficulties should not carry much weight in contracting out considerations unless high withdrawal rates are expected.

(iv) Adjustment of schemes to accommodate increases in the State scheme can be avoided by contracting out.

(v) Both the main political parties have declared themselves to be in favour of the principle of contracting out and the encouragement of occupational schemes.

## Accountants' Earnings

The tables are taken or computed from the report of the Royal Commission on Doctors' and Dentists' Remuneration. To compare the incomes of doctors and dentists with those of members of other professions, the Royal Commission arranged for statistics to be collected, mainly by questionnaire. Questionnaires were sent to a sample of one in ten members of the Institute of Chartered Accountants in England and Wales, the Institute of Chartered Accountants of Scotland and the Society of Incorporated Accountants. The figures given in the tables for accountants' earnings in Great Britain are based on 1,837 completed questionnaires for 1954/55 and 1,895 for 1955/56. Some factors to be taken into account in studying the tables are mentioned in our Editorial article, which is devoted to a general discussion of the statistics. One of the factors is that the figures are gross of capital allowances. Because of these and other factors, straight comparisons of the figures between professions can, in our opinion, be made only with reserve.

Profession	Medians* in Age Groups, 1955/56 (per annum)						Total earnings (average) 30-65
	30-34	35-39	40-44	45-54	55-64	60-65	
	£	£	£	£	£	£	£
<b>Medical</b>							
General medical practitioners	1,710	2,120	2,260	2,460	2,180	2,160	79,000
Consultants .. .. .	2,100	2,460	3,110	3,440	3,600	3,130	117,000
Senior hospital medical officers	1,500	1,650	1,830	1,990	2,010	1,850	73,000
General medical service ..	1,200	2,000	2,200	2,400	2,180	2,100	76,000
Hospital doctors .. ..	1,300	1,900	2,800	3,200	3,300	2,700	100,000
All National Health Service doctors .. .. .	1,200	1,900	2,400	2,600	2,500	2,300	84,000
<b>Dental</b>							
General dental practitioners ..	2,270	2,500	2,540	2,300	1,600	2,190	79,000
General dental service ..	2,100	2,400	2,500	2,300	1,600	2,150	78,000
<b>Others</b>							
Accountants .. .. .	980	1,250	1,580	1,950	1,900	1,490	71,000
Actuaries .. .. .	1,300	1,660	1,880	2,540	3,010	2,020	105,000
Barristers .. .. .	780	1,310	2,300	2,340	1,990	1,620	92,000
Solicitors (England and Wales)	1,120	1,390	1,980	2,290	2,770	1,850	88,000
Solicitors (Scotland) .. ..	850	1,620	1,640	1,760	2,000	1,580	67,000
Architects .. .. .	850	980	1,160	1,380	1,350	1,080	54,000
Surveyors .. .. .	960	1,220	1,770	1,890	1,730	1,360	63,000
Engineers .. .. .	990	1,140	1,280	1,480	1,650	1,210	59,000
University teachers .. ..	1,060	1,320	1,700	2,000	2,010	1,510	63,000
Graduates in industry ..	1,150	1,580	1,900	2,290	2,320	1,570	84,000

\* One-half below the figures given and one-half above.

Income in 1955/56 of those (from completed questionnaires) admitted to the Institutes or Society in 1950 or later, who were under 30 at the time of admission

Income £	Year of Admission					
	1955	1954	1953	1952	1951	1950
0- .. .. .	—	—	—	—	—	—
200- .. .. .	—	1	—	—	—	1
400- .. .. .	7	5	9	4	5	1
600- .. .. .	9	27	38	40	18	9
800- .. .. .	1	9	19	23	27	13
1,000- .. .. .	—	2	5	11	15	19
1,200- .. .. .	—	—	1	6	6	7
1,400- .. .. .	—	—	—	4	—	5
1,600- .. .. .	—	1	1	1	4	1
1,800- .. .. .	—	—	—	—	—	1
2,000 and over ..	—	1	2	—	3	4
All incomes .. ..	17	46	75	89	78	61
Average income ..	£625	£795	£822	£869	£1,017	£1,116

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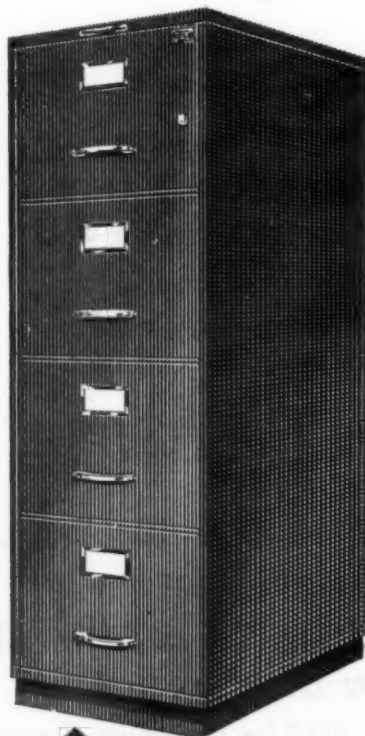
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## Incomes of Chartered Accountants and Incorporated Accountants in the Completed Questionnaires

	Number	Average £	Lower Quartile <sup>1</sup> £	Median <sup>2</sup> £	Upper Quartile <sup>3</sup> £	Highest Decile <sup>4</sup> £
<b>1954/55</b>						
1. Great Britain .. ..	1,837	1,709	835	1,258	2,000	3,178
<b>1955/56</b>						
2. Great Britain .. ..	1,895 <sup>5</sup>	1,814	900	1,350	2,109	3,250
3. England and Wales ..	1,705	1,827	900	1,352	2,123	3,251
4. Scotland .. ..	190	1,698	909	1,300	2,142	3,261
<i>By Age</i>						
5. Under 35 .. ..	534	985	720	865	1,100	1,471
6. 35-39 .. ..	239	1,475	909	1,250	1,748	2,352
7. 40-44 .. ..	318	1,799	1,180	1,576	2,122	2,856
8. 45-54 .. ..	546	2,526	1,299	1,946	3,000	4,838
9. 55-64 .. ..	212	2,404	1,230	1,900	2,864	3,842
10. 65 and over .. ..	46	2,117	1,000	1,793	2,580	..
<i>By type of work—without subsidiary occupation</i>						
<b>1954/55</b>						
11. In private practice alone or in partnership .. ..	469	2,097	1,066	1,561	2,426	3,779
<b>1955/56</b>						
12. In private practice alone or in partnership .. ..	493	2,170	1,084	1,665	2,500	3,903
13. Salaried employees of accountancy firms .. ..	307	901	683	773	961	1,330
14. Salaried employees in other types of employment, including teaching .. ..	762	1,788	1,059	1,442	2,100	3,011
15. In salaried employment but not as accountants (included in line 14) .. ..	204	2,510	1,430	2,100	3,040	4,300

<sup>1</sup> One-quarter below the figure given and three-quarters above.<sup>2</sup> One-half below the figure given and one-half above.<sup>3</sup> Three-quarters below the figure given and one-quarter above.<sup>4</sup> Nine-tenths below the figure given and one-tenth above.<sup>5</sup> Includes 23 women.

## Earnings of Accountants and Members of Certain Other Professions

(Expressed as percentages of the earnings of doctors)

Profession	Great Britain (1955/56) Average	Australia (1954) Average	Australia State of Victoria (1956) Average Median	Belgium (1954) Average Median	Canada (1956) Average Median
Doctors	100	100	100 100	100 100	100 100
Accountants	76	65	56 54	57 50	71 65
Dentists	95	60	76 73	71 72	71 80
Lawyers		80			90 81
Barristers	87*			72 57	
Solicitors	92*		80 80	182 162	
Architects	57		66 63	61 52	} 96 } 75
Engineers	63		68 69		

\*England and Wales.

Note.—Only very broad comparisons can be made between countries, since the definitions vary. For this reason, the Royal Commission refrained from making comparisons.

## Numbers of Chartered Accountants and Incorporated Accountants (from completed questionnaires) with incomes of £6,000 and over

Income £	1954/55	1955/56
6,000- .. ..	6	8
6,400- .. ..	1	3
6,800- .. ..	11	4
7,200- .. ..	6	9
7,600- .. ..	3	6
8,000- .. ..	4	2
8,400- .. ..	1	2
8,800- .. ..	3	3
9,200- .. ..	1	—
9,600- .. ..	—	3
10,000 and over ..	6	8
All incomes of £6,000 and over ..	42	48

Capital Outlay<sup>1</sup>

Amount £	Number
Nil .. ..	70
1- .. ..	43
500- .. ..	46
1,000- .. ..	98
2,000- .. ..	79
3,000- .. ..	69
4,000- .. ..	44
5,000- .. ..	42
6,000- .. ..	30
7,000- .. ..	29
8,000- .. ..	11
9,000- .. ..	11
10,000 and over ..	54
	626

Average based on 626 principals  
(Chartered Accountants and  
Incorporated Accountants) .. £3,907

<sup>1</sup> Payments made and to be made by principals in professional practice for goodwill, together with other capital invested in the practice.

## Pensions of Chartered Accountants and Incorporated Accountants (from completed questionnaires)

	Percentage
1. Proportion of total in salaried employment .. ..	67
2. Proportion of total in row 1 in a pension scheme to which employer pays whole cost ..	14
3. Proportion of total in row 1 in a pension scheme cost of which is shared .. ..	60
4. Proportion of total in row 1 in a pension scheme to which employees pay whole cost, or not in a scheme at all .. ..	26

*Accountant at Large*

## The Cash and the Cosh

IT IS VERY hard to avoid the impression that the wage snatch has become a favourite English occupation. On Friday after Friday we read in our evening papers of the latest local example, and the fact that few of these news stories graduate to the morning papers the next day is proof, if any were needed, that we have come to take the snatch almost as much for granted as the motor accident. Bank raids attract much bolder headlines (although here too the morning papers are not properly representative, for bank raids outside London seem to get markedly less attention than the metropolitan variety). But if we take the reasonable view that when a bank loses money in the night much less real harm is done than when an individual is robbed and probably injured in the day, we are entitled to look behind the headlines and, leaving the banks to take care of themselves, enquire what can be done about individual robberies.

All the answers are so obvious as to appear, at first glance, not worth reciting. Yet the continuance of the snatches is a weekly demonstration that a great many people are being blind to the obvious. And as many accountants are well placed to advise, or even to enforce, the (obvious) precautions, the safety of cash in transit seems to be a very proper subject for discussion here.

The fundamental prescription, from which all else stems, is that complacency must be put to rout: "It won't happen to me" is here, as in so many other circumstances, a very dangerous thought. If the cash is to be safe then someone must be thinking about it—and thinking not once and for all but all the time. It needs no profound cogitation to see that even the smallest snatch has to be planned: no thief sets out in the morning with the vague thought that

he will knock someone down who looks as if he is carrying money. So perhaps the beginning of all security thinking is that the thief's observation of his prospective victim should be made as confusing as possible. The set routine—same route, same day, same time—is an open invitation to the snatcher.

Once this premiss is accepted there is a wide range of possible action open to the man who is thinking about his security arrangements. His decisions will depend to some extent on the amounts of cash involved; they may well be affected also by the staff he has available. The large organisation with a big wages bill may look around for outside help, on the lines of the organisations discussed in a Professional Note in *ACCOUNTANCY* last month (page 63). Alternatively, such a business may make its own elaborate arrangements, with two or three cars in convoy, or following separate routes, with guards and duplicate bags. This kind of set-up may prompt superior smiles, but the superiority is misplaced; it is most unlikely that thieves, who are seldom looking for trouble, will attack those particular cash carriers. But the important point is that businesses that could not possibly manage such elaboration can still take precautions. Mechanical aids, such as the varieties of screaming or smoke- or dye-emitting bags that are on the market, can be useful; in fact thieves (who, it cannot be over-emphasised, are looking for easy meat, and having no difficulty in finding it) keep away from any such appliances they recognise. And whether or not mechanical aid is enlisted common sense can work wonders of protection.

Common sense does *not* send a girl, or an elderly man, to the bank for wages or (just as important) with the day's takings. Common sense makes an effort, however difficult it may be in the very small business, to send at least two people, preferably men of reasonably robust physique, on all cash expeditions. Common sense varies the time and the route on every journey—and sees to it that the variation is quite arbitrary, and known to the minimum number of

people beforehand; ideally the person who chooses the route should announce it only when the mission sets out. Variation of the day, which may be difficult for paying in when every day's takings are heavy, is not as difficult for wage-collection as it is generally thought to be. To collect wages a day or two days before they are to be paid out does involve risk of robbery from the premises, but many employers may regard any measure which lessens the danger of their employees being injured or even killed as worth an additional insurance premium.

The mere recital of what common sense will do brings us back to the fundamental trouble. How many readers of this article have had at the back of their minds some such thought as "It's all true enough, but it seems to be making such a fuss. After all when it's only a question of a couple of hundred at a time . . ." Well, the loss of a couple of (insured) hundreds may not be a serious matter; and there may be involved only a bump on the head and a visit to hospital. But it still seems a pity, for although when a number of them are all set out together the possible precautions seem in the aggregate to be very elaborate, the selected one or two that can save any individual business from attack may be simple enough. Variation of route; variation of time; a strong man or two . . .

The reader who takes the matter seriously may well want to know much more than a single article can encompass. He should talk to his local police authority about his individual circumstances; the police are very willing to co-operate with any such enquirer, for very obvious reasons. They may introduce him to this or that idea that may be ideally suited to his needs; to the cash-carrying waistcoat, for example, in the pockets of which as much as £4,000 in notes can be disposed so as to show no undue bulk through the jacket. There are all sorts of ways of making things difficult for the snatcher. But first, last, and all the time someone must be thinking about it. "I've never been robbed yet" is no insurance against next week's attack; there always has to be a first time.



It is often possible either to lease or to buy premises. This article gives the calculations which should be made to discover the better alternative and discusses some cognate points.

# Lease or Buy

## —An Exercise in Economic-Accounting Arithmetic

By Allen Sykes, B.Sc.(Econ.)

### Foreword

A PROBLEM FACING any business requiring the services provided by fixed assets—whether land, buildings, plant, machinery or some combination of them—is how to provide the services at the lowest possible cost. There is a wide range of possibilities—from outright purchase with available cash funds, to the raising of special loans, to hire purchase finance, to renting and, finally, to leasing. This article outlines the “economic-accounting arithmetic” underlying the taking of “lease or buy” decisions, taking into account the effects of inflation.

### The cost of capital and the rate of interest

Before comparing the aggregate costs of the alternative ways of providing a long-term service, it is necessary to consider separately the cost of capital to the business concerned. That the cost of capital must be brought into account is obvious when, for example, a building is being bought—in addition to maintenance, repairs and depreciation costs over the years, most businessmen or their accountants would add interest on the capital tied up. But when a building is being leased by periodical payments, the place of the cost of capital in the assessment is not so self-evident. However, the only satisfactory way to evaluate a series of future payments is to discount them at the appropriate rate of interest (cost of capital) to a present capital equivalent. Here lies the heart of “lease or buy” cost comparisons.

The appropriate cost of capital varies between businesses, and can be different for any given business over time. By appropriate cost is meant “economic cost,” which can be defined for the moment as the alternative cost of the next most promising investment opportunity open to the business. (If a concern can borrow only limited funds at 5 per cent., so that it can invest *only* in

project A at 10 per cent. or in project B, then the economic cost of investing in project B is 10 per cent. If project B offers less than 10 per cent., it should be rejected in favour of project A.) The economic cost of capital—that is, its opportunity cost for businesses in different financial situations—has, then, to be determined.

At least four financial situations are possible. The business can have:

- (i) No funds of its own, but extensive borrowing facilities;
- (ii) No funds of its own, other possible investment projects internally and limited borrowing facilities;
- (iii) Surplus internal funds, and no other internal investment projects; and
- (iv) Surplus internal funds, other internal investment projects, and borrowing facilities.

### Opportunity Cost

Consider the opportunity cost of capital for each of the four situations. Let it be assumed that funds can be borrowed at a fixed rate of interest of 6 per cent. per annum at long term,\* and can be invested safely in government securities or blue chip industrials at 4½ per cent. per annum. (For simplicity, from here on we refer to a rate of so much per cent., not adding “per annum” but leaving it to be understood that the rate is an annual one.)

(i) With extensive borrowing facilities, sufficient to cover all feasible investment projects, the economic cost of capital for any project will be no more than the cost of borrowing—6 per cent.

(ii) With more possibilities for internal investment than the limited borrowing facilities permit, the economic cost of capital is the higher of 6 per

cent. and the return on the least profitable project for which it would pay to borrow funds. For instance, if only £10,000 can be borrowed, and, as well as a particular project under consideration, there are three projects, A, B and C, costing £5,000 each—offering 15 per cent., 12 per cent. and 10 per cent. respectively—then the economic cost of capital is 12 per cent., since in the absence of a better project than B, only A and B would be accepted.

(iii) If there are surplus internal funds to invest but no internal opportunities additional to one being considered, the best alternative investment is externally at 4½ per cent. As long as the project under consideration can return more than that rate, it should be accepted. However, if the lack of other internal investment opportunities is only temporary, a higher rate will be appropriate. The times when a firm will be unable to improve on the yield of government securities or blue chip industrials are likely to be rare; in practice, therefore, it will be rare for that yield to fix the economic cost of capital. Further, it can be argued that if a concern by internal investment can obtain only something less than the cost to it of borrowing funds, then it is overcapitalised and should take steps to return its excess capital to the shareholders (or other proprietors). After all, shareholders can themselves invest in government securities or blue chips. They would choose to invest in a particular business only if they could thereby expect a higher return. If this argument is accepted, then the opportunity cost of capital to a business can never fall below the cost of borrowing money.

(iv) If a concern has sufficient profitable investment opportunities to absorb all its internal funds and some of its borrowing facilities, but still has such facilities untapped, the economic cost of

\*Throughout, the assumed rate of interest is taken as fixed for the long term.

funds to be used on additional projects cannot be above the cost of borrowing money, 6 per cent. There is a widespread contention that if a business has investment opportunities to absorb all its own internal funds at, say, above 10 per cent., it should reject any others below that rate—at 8 per cent., for example. The contention is fallacious: if the business can borrow money at 6 per cent., it should accept any project promising a higher return. At this point, and at this point only, will it be maximising profits.

#### *Assessing Relative Risk*

It follows, then, that the economic cost of funds to a concern is usually at least the cost of borrowing. Often it is higher, when the concern has more opportunities than funds, but it can only temporarily be less.

When opportunity cost is measured by the borrowing rate or by the rate of return on external investments, the figure is readily ascertainable. The matter is not quite so straightforward when opportunity cost is the return expected on an alternative internal project. What has to be taken is not the gross rate of return expected on the alternative project, but the return net of risk, from which no investment project is free. It is impossible to lay down rigid rules on the estimation of risks because the process is a subjective one depending on the individual's assessment of the future. It is simply an inescapable task, and one that businessmen are performing all the time. Often it is a task much more skilled than the economic arithmetic based on it—all the more reason for getting the economic arithmetic right, so that good forecasts are not wasted.

#### **Practical considerations**

In most "lease or buy" decisions, it is necessary to compare the period of a lease with the period of likely ownership, which is typically longer. If a firm builds an office block, it may feel it has an economically useful life of at least 50 to 60 years, but it may be considering a lease of only 20 years on the same or a similar building. It is not possible to compare two such alternatives without reducing them to a common time period. There are two possibilities. Using the figures of the example just given, the business can either estimate the value it will place on the building in 20 years and hence take that value into account when comparing the purchase with the lease, or alternatively it can consider its likely costs of necessary office accommodation for the 30 to 40 years after

the expiry of the lease. Of the two alternatives, the first is to be preferred. It is somewhat easier to get people to estimate a single value 20 years hence, rather than a series of costs spread over 30 to 40 years beginning at that time, even though the two processes come to much the same thing in the end. Further, it is easier to discount a single figure than a series of figures.

#### *An Example*

Suppose a business can buy for £200,000 a recently erected office block or can lease it for 20 years at a rent of £24,000 a year, with responsibility for rates, repairs and maintenance. The business has only limited borrowing facilities at 6 per cent. and investment opportunities sufficient to absorb the borrowings with a return of at least 10 per cent. (risk free). It is possible, however, to borrow at 8 per cent. £200,000, which cannot be invested in any other project promising more than 8 per cent. (risk free). The office block, as a commercial building, attracts no depreciation allowance, but the annual rent is a deductible expense. Income tax and profits tax are assumed to be 50 per cent., and to remain at that figure. In these circumstances, should the business lease the office block or buy it outright?

The first thing to establish is the economic cost of capital to this business. All the funds that can be borrowed at 6 per cent. can be invested at 10 per cent., so 6 per cent. is clearly too low. It is possible, however, to borrow at 8 per cent. and no other project offers a risk-free rate of return above that rate—hence 8 per cent. is the opportunity cost of capital.

Leasing or acquiring outright an office block has its attendant risks in the same way as any other investment project. Site value, the appearance and suitability of the building in later years compared with more modern buildings, and other factors, all can affect the value. But the point to be borne in mind is that as far as expected diminution (or appreciation) in value is concerned, there is no significant difference between owning and leasing the same building over the same period\*—the resale value of both lease and freehold will be fairly closely related over time. And there is no risk allowance to make between the alternatives of owning and leasing the same building. The only relevant risk allowance is that which should be made for competing investments to put them on

a risk-free basis, so that the relevant opportunity cost of capital can be calculated. (If, however, the choice is between leasing a building in one place or buying another at a different place, then some risk allowance between the alternatives might be called for.)

There is one final piece of information necessary before the cost calculation can begin—an estimate of the value of the building to the concern 20 years hence if bought outright now. This future value (which will be the higher of estimated resale value and estimated replacement cost) must be on a risk-free basis. Suppose the concern values the building (and land) at £120,000 in 20 years' time after making a reasonable allowance for risk.

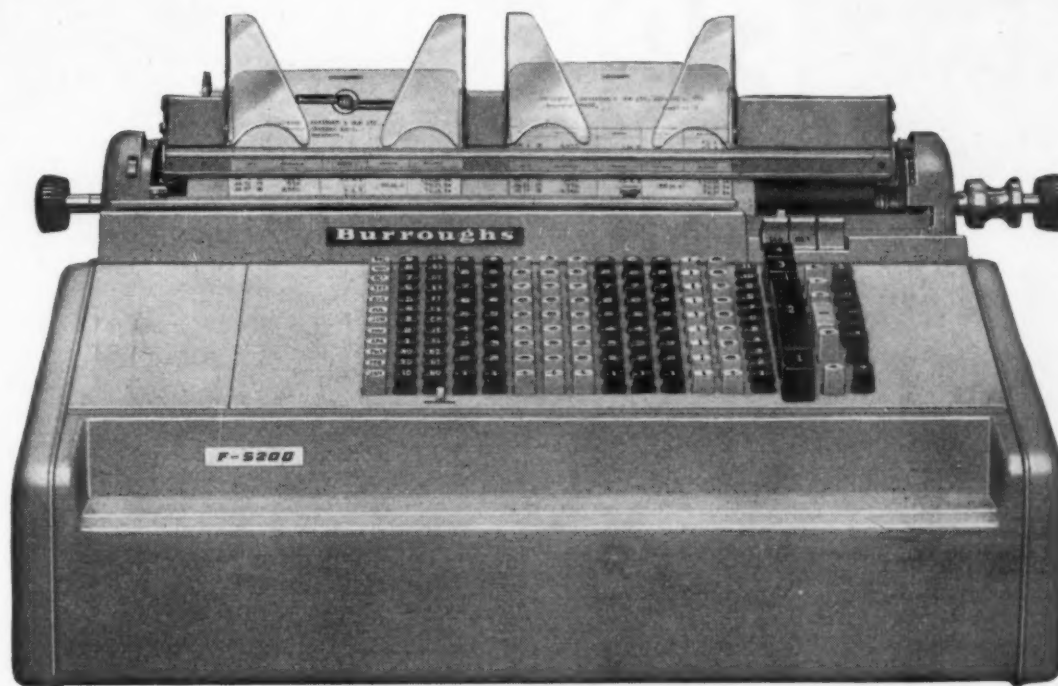
The calculation of the costs of leasing and buying the office block can now begin. It is necessary to discount future costs and values to present capital equivalents, using the opportunity cost of capital. First consider the net present capital cost of the outright purchase. The sum of £200,000 must be laid down at once, but the value in 20 years is estimated to be £120,000. This estimated value must be discounted at 4 per cent. (that is, 8 per cent. adjusted for tax at 50 per cent.) to give its present capital equivalent. At 4 per cent. £120,000 in 20 years' time is equivalent to only £54,767 now. In other words, £54,767 invested now at 4 per cent. would amount to £120,000 at the end of 20 years. (From this calculation it will be apparent that no great precision is called for in estimating economic values as far ahead as 20 years. An error of £10,000 is equivalent to only £4,564 in present values, which in our example is a mere 2 per cent. of the purchase price.) Therefore, the net capital equivalent sum being expended on purchase is £200,000 less £54,767, or £145,233.

The next task is to convert the series of lease payments into their present capital equivalent. (In the example all other costs—rates, repairs, maintenance and so on—are common to both leasing and buying and so do not affect the issue. If the costs over time were different, the differences would also have to be discounted into a present capital equivalent.) The lease payments are deductible for tax purposes, so the net cost of the lease is 50 per cent. of £24,000, or £12,000, per year. The present value of £12,000 a year for 20 years at 4 per cent. (assuming year-end payments of the rental) is £163,084. In other words, £163,084 would purchase an annuity of £12,000 a year for 20 years at a 4 per cent. rate of interest.

\* It is different if the lease contains an easy break clause, invocable at fairly short intervals—the lease could then be treated as a short-period one.



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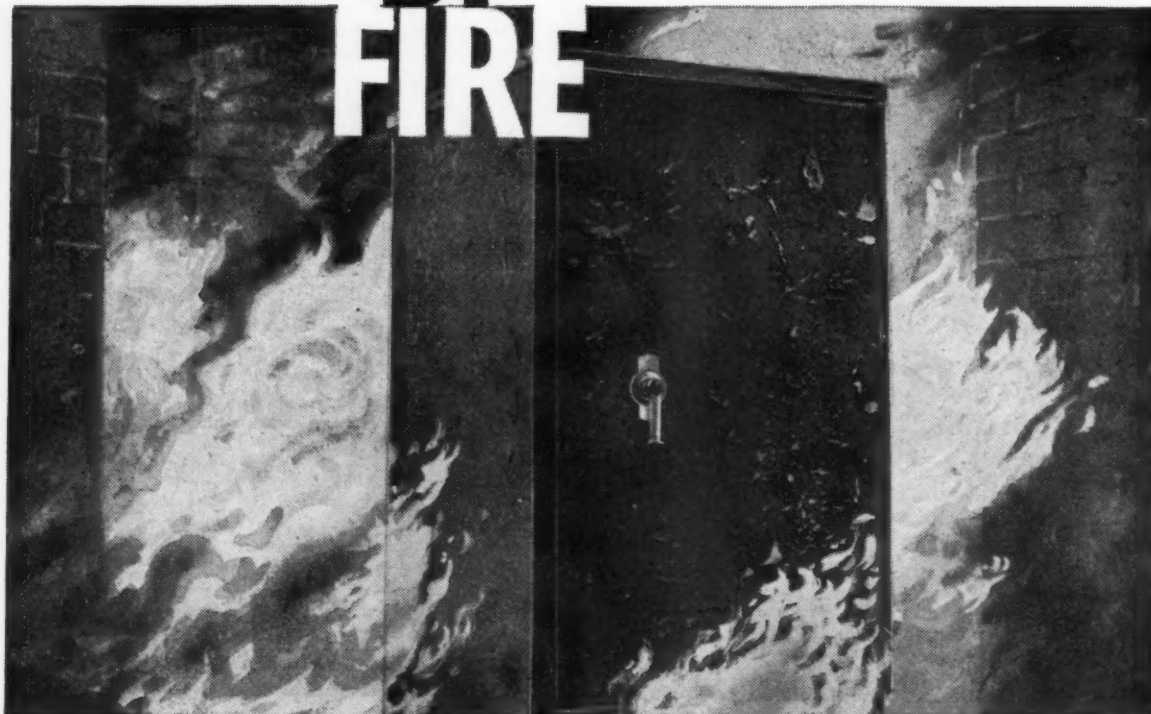
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*\*cast-iron melts at approx. 2200°F.*

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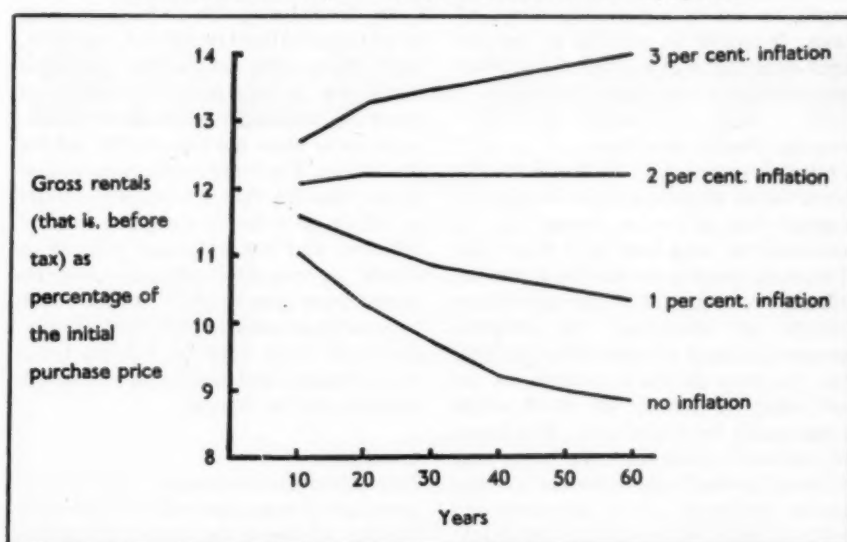
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Break-even rentals for various terms of lease and rates of inflation,  
compared with the cost of purchase

LIFE OF ASSET=60 years FUTURE DISCOUNTED at 4 per cent



The present capital equivalents are thus £145,233 for purchase, and £163,084 for leasing. Thus it would pay the concern to buy the office block outright, rather than to sign a lease on the terms stated. It may be further calculated that the business would have to be offered a lease at less than £21,374 per annum

before it would pay to lease rather than buy.

**The effect of inflation**

Suppose the concern expected inflation to occur over the next 20 years; would the expectation have any bearing on the

decision? The answer is that it could well have a bearing if the rate of inflation were sufficiently high. Inflation reduces the real burden of future payments fixed in money terms—hence the golden rule in inflationary times—"Be in debt to the hilt." As the lease is fixed in money terms in our example, its attractiveness *vis-à-vis* outright purchase increases with inflation. Suppose the concern feels that a mild rate of inflation of 2 per cent. per annum is likely over the 20-year period. This rate of 2 per cent. should be multiplied by the opportunity cost of capital to get the correct discount rate to use in reducing future payments to the present capital equivalent in the money values of today— $1.02 \times 1.04 = 1.0608$ , giving a rate of 6.08 per cent.

The discounting now has to be redone using a rate of 6.08 per cent. instead of 4 per cent. The value in 20 years' time would *not* have to be re-estimated, because the £120,000 was in terms of current money, not of inflated money.\* The series of annual lease payments would be discounted at 6.08 per cent. to arrive at the equivalent in current money at 4 per cent. The revised figure

\* The assumption is that building values are expected to rise exactly in step with inflation; if they are not expected to do so, an adjustment is necessary.

**Table I**

Estimated Owner or Disposal Values of a Building and its Site Over Sixty Years—Estimated Year-End Values in 000's

At end of interval (years)	Building	Site	Combined total
10 .. ..	62	20	82
20 .. ..	46	20	66
30 .. ..	33	20	53
40 .. ..	21	20	41
50 .. ..	10	20	30
60 .. ..	nil	20	20

**Table II**

Discounting Estimated Future Value to Present Capital Equivalents

At end of interval (years)	Future value £	Discount factor (at 4 per cent.)	Present capital equivalent £
10 .. ..	82,000	0.67556	55,396
20 .. ..	66,000	0.45639	30,122
30 .. ..	53,000	0.30832	16,341
40 .. ..	41,000	0.20829	8,540
50 .. ..	30,000	0.14071	4,221
60 .. ..	20,000	0.09506	1,901

**Table III**

Net Present Capital Equivalents

Period of ownership (years)	Purchase price £	Less present capital equivalent of future value £	Present equivalent outlay £
10 .. ..	100,000	55,396	44,604
20 .. ..	"	30,122	69,878
30 .. ..	"	16,341	83,659
40 .. ..	"	8,540	91,460
50 .. ..	"	4,221	95,779
60 .. ..	"	1,901	98,099

**Table IV**

Gross Break-Even Rentals Expressed as Percentages of Purchase Price of £100,000 Opportunity Cost of Capital—4 per cent. (See also the graph)

Years of lease	No inflation	Inflation at 1 per cent. per annum	Inflation at 2 per cent. per annum	Inflation at 3 per cent. per annum
10	10.998	11.552	12.120	12.702
20	10.284	11.214	12.184	13.192
30	9.676	10.884	12.158	13.484
40	9.242	10.660	12.156	13.720
50	8.918	10.492	12.154	13.880
60	8.672	10.364	12.140	13.976

is £137,639, compared with £163,084 before. The present capital equivalent for the outright purchase remains unaffected by the inflationary factor, at £145,233. The lease is now to be preferred to outright purchase, inflation having reduced the real burden of the lease payments by a sufficient margin.

#### *Break-Even Rentals*

A series of tables or graphs may be constructed for long-lived assets such as buildings, indicating for any given rate of interest (or opportunity cost of capital) the break-even rental or lease payment expressed as a percentage of the purchase price. Values to the owner (or disposal values) must be estimated over the projected economic life of the asset at, say, every ten years. In Table I the projected fall in value over the 60 years of its estimated economic life is given in intervals of 10 years for a building assumed to cost £80,000, with a site assumed to cost £20,000, making a total initial cost of £100,000. The combined total value must then be discounted at the appropriate opportunity cost of capital, assumed to be 4 per cent. Table II gives the results.

Table III shows the net capital equivalent outlay if the building (and site) are bought now for £100,000 and sold at the estimated future value after different lengths of time.

Having obtained the present equivalent outlays as in the last column of Table III, we may calculate the equivalent break-even annual rentals—that is, the lease terms at which a prospective occupier of the building would be indifferent between leasing and buying. The resultant figures are in Table IV and in the diagram. The break-even rentals (given gross, before deducting the tax allowance) are expressed as percentages of the initial purchase price of £100,000. The opportunity cost of capital is taken as 4 per cent., and the break-even rentals are calculated for a stationary value of money and for a cumulative rate of inflation of 1 per cent., 2 per cent. and 3 per cent. a year. The greater the expected rate of inflation, the higher the lease payment that is economic. It will be observed how the prospect of even mild rates of inflation affects break-even rentals considerably, until eventually, on long-term leases, the break-even rental increases with the period of the lease! Here is a reflection of the marked decline in the real burden of lease payments for long leases during persistent inflation.

A concern with many similar assets of the same type—for example, a multiple

chain store company owning many shop premises which depreciate at much the same rate—could draw up a series of graphs to aid in negotiating terms of leases. It would be possible to see the break-even rental at a glance for various lengths of lease and rates of inflation.

#### *Securing Double Advantage*

A much favoured rule-of-thumb maxim merits some attention. It is frequently asserted that as long as money can be borrowed on long term at a fixed rate of interest, there is no need to allow for inflation as such, and if the calculation making no allowance for inflation favours purchase as opposed to leasing, then the asset should be bought, as the borrowing of money on fixed terms compensates for the inflation. In a sense, this maxim is quite true: the borrowing of money at fixed rates is indeed a hedge against inflation. As a recommended policy it suffers from only one drawback, but a serious one: it does not usually lead to maximum profits. If inflation is expected, a series of lease rentals should be evaluated at the opportunity cost of capital plus the expected rate of inflation (see above). If this calculation indicates leasing rather than buying, the lease should be taken up—but, and this is the important point, so should the loan! If money can be borrowed on long term at a reasonable rate during a period of expected inflation, it should be borrowed and re-invested in some asset which will hold its real value during inflation

—for example, well-chosen industrial equities.\* In this way it is possible to reap two advantages from inflation; firstly, from being able to lease an asset on a long-term fixed rental and, secondly, from being able to borrow on fixed terms over a long period. There is no point in throwing one of these advantages away when the two can be had for the asking. The logic is the same as that which dictates that a mortgage should be taken on a house during a time of inflation and the mortgage paid off as slowly as possible—perhaps even renewed from time to time—and as much as possible invested in industrial equities. One ends with a house bought much more cheaply, and additional investment income into the bargain.

#### **Conclusion**

The economic-accounting arithmetical approach to costs and values, assisted by the use of simple discount and annuity tables, as used for centuries in banking and financial circles, can lead to more efficient investment decisions. All too often, good appraisals of risks and forecasts of future values are nullified by imperfect traditional calculations of the rule-of-thumb kind, or by misunderstandings of the effects of inflation, and misallocation of resources follows. It is hoped that the methods here discussed may help to improve this situation.

\* In considering investing the borrowed funds in some other project, the expected return should be estimated on a risk-free basis, so that like is compared with like.

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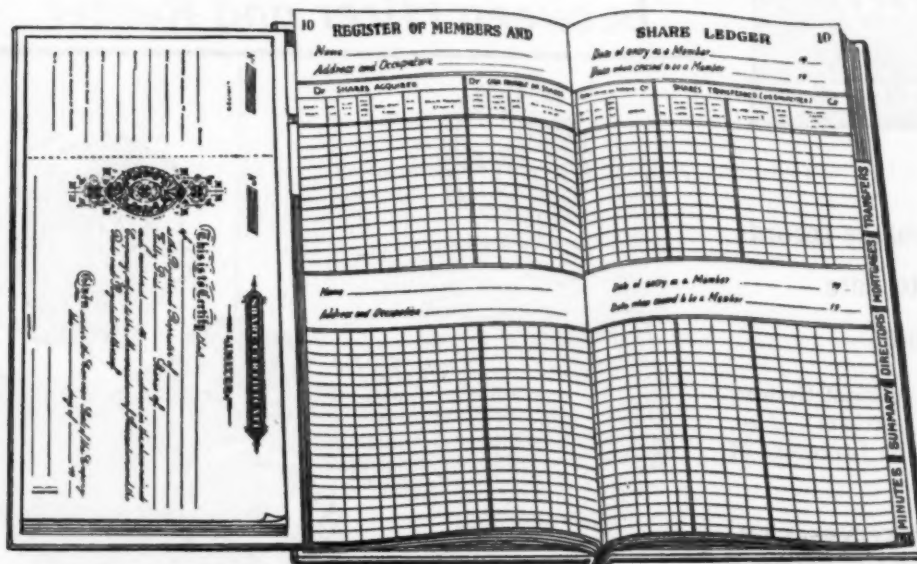
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## Taxation

# Some Points on Surtax and Controlled Companies

There are several points to be kept in mind when considering whether or not to distribute dividends in a controlled trading company with a view to avoiding a direction under Section 245, Income Tax Act, 1952, for surtax purposes—for example, where negotiations are contemplated with the Special Commissioners about the dividend necessary to avoid a direction.

Among these points are the following:

(1) The effect on profits tax. Now that there is a flat rate of profits tax, the amount distributed does not affect the amount of profits tax payable, but it must be borne in mind that if a direction is made (which will be on the whole profits), no profits tax will be payable. Having regard to the facts, it may be found that the surtax payable on a direction is less than the profits tax: it is not frequently so, however, unless (2) or (3) below is present.

(2) Where there are shares held by trustees of accumulating or discretionary trusts, there will be no surtax on income apportioned to those trusts.

(3) Where a parent has settled shares in the company on his infant child (or children) so that under Section 396 income paid to or for the benefit of such a child in any year of assessment has to be treated as income of the settlor for that year, income apportioned to such a settlement cannot be included in the income of the settlor because it has not been paid to or for the benefit of any child. No income has been paid at all—there has merely been a notional apportionment (see *Houry v. East African Commissioners of Income Tax* [1959] T.R. 331—P.C.). It is possible that this situation will receive attention in the next Finance Act; if it does not, a great many new settlements can be expected.

(4) The "reasonable time after the end of the accounting period" is important, as can be seen from the following example.

The proprietors of the issued share capital of a trading company making up its accounts to March 31 sold their shares in January, 1959, to a company not subject to Section 245. Accounts were made up for the period April 1, 1958, to January 31, 1959, with the result that the trading company was a subsidiary company on the last day of the accounting period. In such a case it would be of the utmost importance to prepare the accounts expeditiously and pay an appropriate dividend. The Special Commissioners in such a case hold that although, unlike Section 256 (5) of the 1952 Act—which deals with companies in which the public are substantially interested

(where the important date is the end of the accounting period)—Section 256 (4) does not provide a date for considering the question whether a company is a subsidiary company, nevertheless they regard the end of the accounting period as the appropriate date. But, and this is the dangerous aspect, Section 256 (4) has a proviso which Section 256 (5) has not:

... notwithstanding anything in this sub-Section, a company ... shall not be deemed to be a subsidiary company unless it can be deemed to be under the control of not more than five persons only by including among the persons ... a company to which Section 245 does not apply.

The Commissioners therefore hold that a direction is competent in such a case as that mentioned above since, if an apportionment were made, more than half the income would be apportionable to five or fewer persons without including the new parent company, although those persons were not members on January 31, 1959. This holding is based on the *dictum* of Lord Simonds in *Fendoch Investment Trust Co. v. C.I.R.* (1945, 27 T.C.):

It was contended ... that ... an apportionment could only be made against a person who was a member ... on the last day of the accounting period. ... I find nothing in (the words which are now in Sections 245 and 248) which ... would restrict the meaning of "members" to persons who were members during the whole period or the last or any other day of it. The language ... is clearly apt to include any person who was a member at any time during the period in question.

Failure to declare a reasonable dividend within a reasonable time would, in such a case, result in a direction.

(5) A company cannot be expected to borrow money to pay a dividend. If, therefore, a company is short of liquid assets either at the date of the balance sheet or at the date the decision on dividends is made, it will usually be accepted that no dividend (or increase in dividend) is reasonable. Even where there are liquid funds, if these are required for the development of the business, that is a good reason for non-distribution. A good example is a company whose trade consists of building houses for sale. At a given date liquid funds may be available because the company is temporarily short of land; such funds could not reasonably be expected to be used to pay dividends.

(6) The question for consideration is what a Board of directors would reasonably be expected to do at the date of their meeting to consider the accounts on which to recommend dividends to the company in general meeting, having regard to all the facts. If it was not unreasonable



for them not to recommend a dividend or a larger dividend, the Special Commissioners accept the facts. It is most advisable therefore, even if the sole shareholders are husband and wife, to record, either in the directors' report accompanying the balance sheet or in the minutes of the meeting, the reasons for the dividend policy. If the reasons are not so recorded the Special

Commissioners may justifiably be suspicious of statements made later about what was in the minds of the directors at the relevant time. Subsequent happenings which bear out prognostications are excellent evidence, if it can be shown that the prognostications were made; assertions put forward, after the happenings, that prognostication of the events was made may be suspect.

## Taxation Notes

### Taxation in the Channel Islands

The rates of income tax in the Channel Islands are very attractive to residents in the mainland. Those now current (calendar year 1960) are: Jersey 4s. 0d. in the £ (2s. 0d. on first £250 of taxable income); Guernsey (including Alderney and Herm) 4s. 0d. in the £ (1s. 6d. on first £100 of taxable income and 2s. 6d. on next £100).

Specimen personal reliefs are:

### Penalties

Now that the *Hinchy* case is disposed of to the satisfaction of the Revenue but not of the taxpayer (see page 160 of this issue) it is to be hoped that the official review of penalties, now in progress, will be quickly finished and followed by legislation to rationalise the present unsatisfactory state of things. There is some hope that the Budget and Finance Bill will contain reforms, for the Financial Secretary to the Treasury said in the House on

February 25 "we must reserve any comment on it [the review of penalties] until our annual review of financial matters."

The Chancellor of the Exchequer has been left in no doubt about the general view on the absurdity of penalties at their present levels, when taxation can reach as much as 17s. 9d. in the £—penalties laid down early last century when taxation was a few pence in the £. And the criticism of the learned judges in the courts and of the Law Lords must surely speed reform.

After the *Hinchy* decision in the House of Lords, the Inland Revenue issued a statement contradicting Press reports that Mr. Hinchy would have to pay the full penalty to which he had been held liable. The Board, it said, had a statutory power, regularly exercised, to mitigate penalties and it was made clear by Counsel for the Crown in the case that if judgment was given for the amount claimed it would be very substantially mitigated by the Board. The real issue is, however, a much wider one: leaving the Revenue to mitigate the penalties makes them in that respect prosecutor, judge and jury—a most undesirable association of roles.

The Final Report of the Royal Commission on the Taxation of Profits and Income thought confusion and overlapping in the penalty provisions should be removed, and they should be brought up to date, after a review by an expert committee (see paragraphs 1070/71 and recommendation 87). It is pertinent,

	Jersey	Guernsey
Earned income	One-quarter (maximum relief £400)	One-quarter (maximum relief £400)
Age	One-quarter where total income not over £750	One-quarter where total income not over £740
Marginal age relief	Tax on £750 plus five-eighths of excess	In certain cases Marginal Relief is greater where the assessable income exceeds £740
Personal		
Single	£200	£160
Married	£340	£320
Additional personal	Three-quarters of wife's earned income (maximum £100) excluding earned income receivable from the husband	
Housekeeper	£100	£80
Dependent relative	£100 (reduced by £1 for every £1 by which the relative's own income exceeds £70)	£80 (reduced if relative's own income exceeds £70)
Child	£120 each (maximum income £100)	£100 each. The allowance is reduced if child's income exceeds £100
Life assurance	Whole premium allowable (subject to 7 per cent. and one-sixth rules as in U.K.)	Half premium allowable (subject to premiums not exceeding in aggregate one-sixth of assessable income or £300, whichever is the lower)

and depressing, however, to recall paragraph 1069 of the report: "The Board, on the other hand, did not share the view that there was anything substantially amiss, nor did they make to us any proposals for alteration or amendment. In their opinion, the penalty sections though they contain some deadwood and overlapping, . . . work satisfactorily in practice."

#### Partnership Changes—and Stock Exchange Members

Where a sole trader or partnership forms a limited company and sells his or their business to it for shares, the assessments on the business are made on the basis of a discontinuance by the sole trader or partnership and a commencement of business by the limited company. Frequently the result is to increase the taxation liability on the business, particularly if profits are rising.

Where there is a change in the membership of a partnership, the assessments on the members before and after the change are made on the basis that the business was discontinued and recommenced on the date of the change, unless all the members before and after the change claim that the assessments should continue to be made as if no change had occurred. If, therefore, instead of transferring their business to a company direct, partners first trade in partnership with a company controlled by themselves, then retire leaving the business with the company and make the claim mentioned above on both the introduction of the company and on their own retirement, the fiscal disadvantages mentioned in the first paragraph will not occur.

Rule 57 (b) 4 of the rules of the London Stock Exchange was varied at the end of 1959 to allow member firms to form a company and trade with it in partnership for a limited period. It thus becomes possible to make arrangements as mentioned in the preceding paragraph. For example, the existing member firm consists of two individuals, Black and White, who form a company called The Black & White Co. Black and White will take into partnership The

Black & White Co. Black, White and The Black & White Co. can trade under the new rule for not less than six months or more than twelve months from the date of admission of the company to membership. Within this period, Black and White will retire as partners, leaving the business in the hands of The Black & White Co.

As from the date of admission of the company to membership or upon the conclusion of the above partnership arrangements, whichever is later, the members of the company cannot make any bargains in their own names.

#### The Profits Tax Acts—A Misconception

Section 42 of the Finance Act, 1938, provides for the elimination of rents and annual payments from the assessments of companies, one of which is a subsidiary of the other or which are both subsidiaries of a third company, where the rent or annual payment is paid by one such company to another in the group. From January 1, 1947, to March 31, 1958, this provision was modified by Section 69, Finance Act, 1948, but the modification was repealed by Section 25, Finance Act, 1958, as from April 1, 1958.

It has been suggested, even in a well-known and respected publica-

tion, that the provision in Section 42 above has largely lost its importance in view of the change introduced by Section 32, Finance Act, 1947, under which all income from investments or other property is to be included in computing profits. The suggestion overlooks the fact that the 1947 provision introduced the conception of bringing in all investment income by enacting new sub-paragraphs to Paragraph 7 of the Fourth Schedule to the Finance Act, 1937 and that Section 42 of the Finance Act, 1938, expressly said: "Notwithstanding anything in Paragraph 7 of that Schedule."

Yet another instance of the need for re-enacting the lot rather than interposing new matter by cross reference!

#### Marginal Relief on Gifts *inter vivos* Becoming Liable to Estate Duty

It will be remembered that gifts in the five years (to charity, one year) before the death of a donor are liable to estate duty on his death, with certain exceptions (marriage consideration, normal expenditure and so on). The exemption where the total gifts to any one donee do not exceed £500 (the limit is £100 for settled property and gifts with reservation) is now subject to a marginal relief in that the duty is not



to exceed the excess of the gifts over £500 (there is no marginal relief for the £100 case). Where marginal relief is available on the whole estate and the relief applicable to the gifts in question is more, the latter applies instead of the former.

#### Illustrations

	A £	B £
Gifts to one person	800	1,000
Other property passing	100,200	100,000
	101,000	101,000
45 per cent. on £100,000	45,000	45,000
Excess	1,000	1,000
	46,000	46,000
(Instead of 50 per cent. on £101,000)		
Proportion appropriate to gifts 8/1,010 of 46,000; 1/101 of 1,000 say,	364	455
Excess property over £500	300	500
Duty limited to	300	455

#### Woodlands

*Income Tax and Estate Duty on Woodlands* (Forestry Commission Leaflet No. 12, H.M. Stationery Office, price 1s. 3d. net), revised in August, 1959, has now been published. It is an invaluable guide to those concerned with the subject matter.

It is important to note that where woodlands are managed commercially, the Inland Revenue accepts the cash basis and issues a form (10 W, reproduced in the leaflet) for completion of receipts and payments.

There is stated the revised official view that the provisions that estate duty is not payable on timber until it is sold do not apply on the death of a reversioner; where the property liable to duty is a reversionary interest in land bearing timber, the reversionary interest in the timber is charged to duty as part of the reversionary interest in the land. The value excluded from the principal value of the estate, where appropriate, is the value at the death of the timber *qua* timber, but not the amenity value of the timber as enhancing the value of the estate at large.

#### The Income Tax Maze

Section 21 of the Finance Act, 1959, is one of the worst instances of legislation by cross reference. How much time it wastes is everybody's business.

Sub-Section (1) of Section 21 says:

Subject to the provisions of this Section, sub-Sections (2) to (5) of Section 16 of the Finance Act, 1954 (which provide for the making of investment allowances, and in the case of investment allowances under sub-Sections (2) to (4) thereof provide that the allowances are to be in lieu of initial allowances under Part X of the Income Tax Act, 1952) shall apply to expenditure incurred after the seventh day of April, nineteen hundred and fifty-nine, and accordingly Section 15 of the Finance Act, 1956 (by which investment allowances were, with certain exceptions, suspended) shall not apply to such expenditure.

This takes us to the stated sub-Section of Section 16 of the Finance Act, 1954, which tells us that investment allowances shall be made instead of initial allowances under Part X of the Income Tax Act, 1952. To find out on what investment allowances can be allowed it is therefore necessary to find out on what initial allowances were available!

Sub-Section (2) of Section 21 (1959) reads:

An initial allowance shall be made under Part X of the Income Tax Act, 1952, in any case where it would have fallen to be made (whether in any event, or on the election of the person entitled) apart from this Section but would be excluded, but for this sub-Section, by any of the provisions of the said Section 16, so however that it shall be reduced—

- (a) if for industrial buildings or structures, or for machinery or plant, by two-thirds, or
- (b) if for the construction of mining works, by one-half;

and accordingly the enactments mentioned in the Fourth Schedule to this Act shall have effect in relation to any such case subject to the modifications set out in that Schedule.

That sends us chasing to the Fourth Schedule (1959) which substitutes words and phrases in various Sections of Part X (1952) and in Section 16 (1954) and the Second Schedule (1954).

This note mentions only certain features of the legislation in question but indicates a really sorry state of affairs. Following the whole thing through is recommended to our readers as an alternative to the weekend crossword puzzle or the chess problem.

Cannot our legislators bring themselves to do what they did in the Intestates Estates Act, 1952, restating the law as amended?

## Recent Tax Cases

#### Income Tax

*Return — Incorrect return — Penalty — Fixed penalty—Treble the tax which he ought to be charged—Whether treble the total amount of tax payable for year of assessment or treble the amount of tax referable to the amount of income understated in the return—Income Tax Acts, 1799, 1803, 1806—Income Tax Act, 1805, Sections 118, 181—Income Tax Act, 1842, Section 55—Inland Revenue Regulations Act, 1890, Section 1—Income Tax Act, 1918, Section 107—Finance Act, 1923, Section 23 (2)—Income Tax Act, 1952, Sections 18, 19, 20, 21, 22, 23, 24, 25 (2), (3), 27, 28, 29, 30, 48, 49, 441, 500, Schedule VI, paragraph 4.*

The facts in *C.I.R. v. Hinchy* (House

of Lords, 1960, 1 All E.R. 505) were set out in an article in ACCOUNTANCY for January, 1959 (pages 21-22) and, following the decision of the Court of Appeal, the case was again noted in our issue of October, 1959 (page 549). If the decision of Diplock, J., at first instance, was a surprise for the Revenue, the decision of the House of Lords will now be an added surprise, and an unpleasant one at that, for the general body of taxpayers, though its implications will be mitigated by the unanimous condemnation of the present system of penalties by the Lords and the assurance given the House by the Attorney-General that the penalties are being reconsidered. As was stated by Lord Radcliffe,



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most penalty clauses have their origin in the Income Tax Acts of 1803-1806, if not in the earlier Act of 1799, but apart from small changes made in the Finance Act, 1923, nothing has been done by Parliament ever since to review the whole unsatisfactory set of penalty Sections and remodel them in the light of conceptions appropriate to the present day. Such a review has been called for both in the Report of the Income Tax Codification Committee (Cmd. 5131, paragraphs 173-183) and in the Final Report of the most recent Royal Commission on Income Tax (Cmd. 9474, Part VII, cap. 33), but, said his lordship, "the recommendation has, no doubt, reached the destination usually reserved for advice invited by Governments from such Committees."

There were, actually, two unusual features about the present case: (i) the respondent did not appear in the Lords and was not represented by Counsel, and although the Attorney-General drew their Lordships' attention to points on which Counsel for the respondent might have relied, that was not altogether an adequate substitute for an argument for the respondent, and (ii) the decisions of Diplock, J., and of the Court of Appeal were apparently influenced by misunderstandings about the facts, the true nature of which, in one respect, was only discovered when the case was before the House. Diplock, J., took the view that a reasonable meaning of the words "the tax which he ought to be charged under this Act" in Section 25 (3) (a) of the Income Tax Act, 1952, was the tax to which the taxpayer ought to be duly assessed by reason of the default; that is to say, the increased tax which, when one looked at the latter part of the sub-Section, ought to be "added to the assessment." It is now plain that there was no tax which was under-assessed, since the incorrect amount of bank interest stated in Mr. Hinchy's return was discovered through other channels before the assessment was made. The construction placed upon the sub-Section by the learned Judge made it necessary to determine at what point of time the amount of tax which the taxpayer ought to be charged must be ascertained, and he gave as the answer the date at which the proceedings, whether before the Court or before the Commissioners, were brought. As, in the present case, the proceedings were commenced after the respondent had been charged with all the tax for which he was liable, the only amount recoverable was the fixed penalty of £20. In the House of Lords, Lord Kilmuir, L.C.,

said that, like the Court of Appeal, he was unable to accept this view as to the point of time. Its results would be that, if the error were discovered before the assessment was made, the making of the correct assessment would eradicate that portion of the penalty arrived at by multiplying the tax. The liability to the penalty must, in his view, arise when the offence was committed; that is, when no return was made, when the time for making a return had expired, or, where an incorrect return had been made, when that return had been received by the Commissioners.

The Lord Chancellor said that the Court of Appeal did, however, approve of the antecedent reasoning of Diplock, J., and the gist of their view was expressed in the following quotation:

So, as a matter of English, it seems to us at least a legitimate interpretation of the phrase "tax which he ought to be charged" to limit its significance to that amount of tax with which, at the relevant point of time, the taxpayer ought to be charged but with which he has not been charged by reason of his defective return; in other words, the tax appropriate to the undisclosed income.

The difficulty of this view was that it appeared to predicate that there had been an assessment by which the taxpayer had been charged with the lesser amount by reason of his defective return, and that this formed the basis of the penalty under Section 25 of the Act of 1952. The Court of Appeal did not seem to have appreciated that there had been no assessment on the respondent on the basis of the incorrect return which could play its part in the quantification of the penalty. In this case, as in many others, there was not, to use the language of the Court of Appeal, "tax with which (the taxpayer) has not been charged by reason of his defective return." He had not been charged because the time for charging him had not yet arrived. When that time did come, it did not follow that the return would have any causative effect on his assessment. The latter might be based on other information, and in the case of income under Schedule E must be based on his income in the current and not the past year. It was an essential constituent of the problem that, at the time of the commission of an offence under Section 25, assessment might be in the future, whereas under Section 48 of the Act of 1952 (which relates to fraud) assessment must be in the past. Lord Kilmuir said that he could not ignore the fact that a multiplier of the tax with which the taxpayer ought to be charged was made

a constituent of the penalty for the equivalent of the present offence by Section 118 of the Income Tax Act, 1805. He could not believe that, in the year of Trafalgar and Austerlitz, Parliament was considering such a refinement as the present argument entailed, but the more he considered the piecemeal additions of the last 150 years, the more glad he was of the Attorney-General's assurance that income tax penalties were being reviewed.

Lord Reid said that the House was informed that the Crown never took action under Section 25 (3) unless it thought that the declaration required by sub-Section 2 was not truly made, but he could find no basis in law for its being a defence to an action to prove that the return or statement was made to the best of the judgment and belief of the defendant. The offence was that of not delivering a true and correct return, and if, in fact, it was not true and correct the penalty followed as a matter of course. Then it was said that, whatever might be the true meaning of "tax which he ought to be charged under this Act," the words could not include either surtax or tax deducted at source by those who paid dividends, etc. It was not necessary to decide those matters in the present case, and he would only say, particularly with regard to surtax, that he was not convinced that these were excluded and that, in any revision of Section 25 (3) and other provisions, this ought to be made clear.

In determining the proper construction of Section 25 (3), it had to be borne in mind that the sub-Section applied to other matters, as well as a return of the taxpayer's own income. It applied to any list, etc., which the taxpayer was required to deliver under a number of other Sections. Under Section 21 he might be required in certain cases to make a return of another person's income and to submit to being charged to tax in respect of it. Under Section 22 he must render a statement of money received by him on behalf of another person. Under Section 23 he must deliver a list of lodgers and inmates of his dwelling-house, and Section 30 applied the provisions of Section 25 to lists of employees (Section 27), commissions (Section 28) and interest paid to others (Section 29). If the taxpayer failed to return a correct list of lodgers or employees or money collected for or interest paid to others, the penalty would have no relation to that failure—it would be treble his own income tax although he had made a correct return of his own income and paid the full tax



due on it. An even more difficult case might arise under Section 21; under that Section, the taxpayer was chargeable both in respect of his own income and in respect of income belonging to another. Difficulties and extravagant results of this kind caused both Diplock, J., and the Court of Appeal to search for an interpretation of Section 25 (3) which would yield a more just result. What must be looked for was the intention of Parliament, and he also found it difficult to believe that Parliament ever really intended the consequences which flowed from the Crown's contention. But the intention of Parliament could be taken only from the words which they had used in the Act, and the question was whether those words were capable of a more limited construction. The Act of 1952 was a consolidating Act, and it must be presumed that such an Act made no substantial change in the previous law unless one was forced by the words of the Act to a contrary conclusion. Therefore, in interpreting a consolidating Act it was proper to look at the earlier provisions which it consolidated. The previous law was contained in Section 107 of the Income Tax Act, 1918, and Section 23 (2) of the Finance Act, 1923. It was impossible to hold that the words of these Sections had a limited meaning, and therefore they did not have a limited meaning now they were reproduced in the Act of 1952.

Lords Radcliffe, Cohen and Keith delivered supporting judgments and the House held that the Crown was entitled under Section 25 (3) of the Act of 1952 to the full amount claimed, namely, the fixed penalty of £20 and £418 14s. 6d., because, giving the words of sub-Section 3 (a) their ordinary meaning, the phrase "treble the tax which he ought to be charged" meant "treble the whole tax which the taxpayer ought to be charged for the relevant year."

#### Estate Duty

*Property chargeable—Property deemed to pass—Meaning of "deemed"—Share of income of residuary estate given to trustee for life while a trustee by way of remuneration—Duty claimed on death of trustee on capital of share—Whether exempted as income received "only . . . as holder of an office"—Scope of exempting provisions—Finance Act, 1894, Sections 1, 2 (1) (b), (2), (3) (as amended), 15, 21, 22 (2) (a).*

The case of *Public Trustee v. C.I.R.* (House of Lords, 1959, 1 All E.R. 1) was noted in ACCOUNTANCY for June,

1958 (page 298), and January, 1959 (page 30). The Court of Appeal applied the dictum of Lord Macnaghten in *Earl Cowley* [1899] A.C. 198 that Sections 1 and 2 of the Finance Act, 1894, are mutually exclusive. For over sixty years this "celebrated pronouncement" has been accepted as laying down a leading principle in the determination of estate duty cases. It was the foundation of the judgment in *Re Cassel, Public Trustee v. Mountbatten* [1927] 2 Ch. 275 and *Re Duke of Norfolk, Public Trustee v. C.I.R.* [1950] Ch. 467, and must also have been accepted as determining the liability to duty in very many cases which never reached the courts. Now it has been disapproved by the House of Lords, with results which may lead to the building up of a new body of estate duty decisions.

It may therefore be convenient to set out afresh the brief facts of the present case. By his will a testator (Lord Northcliffe) appointed A. to be one of his executors and trustees and directed that the income of his residuary estate should be divided among a number of persons, of whom A. was one, in specified shares, and so that when one beneficiary died the total income was divided among the survivors or survivor. The income directed to be paid to A. was expressed to be given to him in respect of his acting as executor and trustee and by way of remuneration for his so doing. At the date of his death A. was receiving six-ninety-ninths of the income of the residuary estate, and estate duty was claimed on the same proportion of the capital of the fund under Section 1 of the Act of 1894. It was not disputed that that proportion of the capital passed on A.'s death within the meaning of Section 1, but the appellant trustee contended that the claim was precluded on the ground that the interest was enjoyed by the deceased trustee "only . . . as holder of an office," and that it therefore came within the exemption from duty in Section 2 (1) (b) of the Act. The question before the House was whether, if a case falls within Section 1 of the Act, Section 2 (1) (b) must be disregarded.

Viscount Simonds said that if he were looking at the Act for the first time he would say that Section 1 imposed the charge to duty in general terms, while Section 2 defined by inclusion and exclusion the precise area of that charge. The observations of Lord Macnaghten had created so much difficulty that he had come to the conclusion, in which the majority of the Lords concurred, that the time had come to re-examine these observations on the inter-relation

of Sections 1 and 2, which were made without full consideration of their consequences and particularly of their bearing on the exempting words of Section 2 (1) (b) which were the special subject of the present appeal. The cases of *Re Cassel* and *Re Duke of Norfolk* showed into what confusion the law had been thrown when the Revenue, whose duty it was to administer this difficult branch of the law, advanced at one time an argument founded on Lord Macnaghten's dictum and at another an argument directly opposed to it. In *Re Duke of Norfolk* it was argued for the Crown that the fact that duty could be claimed in respect of the passing of an annuity under Section 1 did not preclude a claim for duty under Section 2 (1) (b). Again, in 1947, another trustee of Lord Northcliffe's will had died. He, too, was entitled as trustee to a fractional share of the income of the residuary estate, yet no claim was made for duty in respect of the proportionate share of capital. Lord Macnaghten seemed to have forgotten sub-Sections (2) and (3) of Section 2 (which were clearly exceptions to Section 1) and forgotten, too, the words of Section 2 (1) (a) and the definition of those words in Section 22 (2) (a). In his (Viscount Simonds's) view, Sections 1 and 2 of the Act of 1894 were *not* mutually exclusive, and the excepting words in Section 2 (1) (b) were operative in regard to property which fell within that sub-Section even though that property might fall also within the wide words of Section 1.

Lord Radcliffe said that Lord Macnaghten's words had become entwined with a great deal of judicial analysis of the estate duty scheme, but even so there had been very few cases in which the application of the *dictum* had made any practical difference either in the incidence of duty or in the quantum of duty charged. In nearly every case it did not matter whether the property was regarded as passing under Section 1 or under Section 2—as "actually" passing or as "notionally" passing. This was because, in the typical instance of settled property passing on the expiry of a life interest, the prescribed method of valuation was just the same whether Section 7 (5) of the Act was applied or Section 7 (7) (a). Only in cases of terminable annuities settled for successive life interests had Lord Macnaghten's particular method of construction determined the judgment of the Court. It was a relief to find that there did not appear to be any other line of cases the issue of which would be changed by a refusal to



apply Lord Macnaghten's formula for the future.

The House (Lord Keith dissenting) held that the property passing on the death of A. was excluded from charge to estate duty by the words of exception in Section 2 (1) (b), notwithstanding that the property also fell within Section 1 of the Act. The House thus upheld the golden rule that the words of a statute must *prima facie* be given their ordinary meaning. It was also held (unanimously) that the trusteeship of a will was an office, and the deceased had received the income only as the holder and in respect of an office; thus the property on which duty was sought to be levied was within the exception in Section 2 (1) (b) notwithstanding that the income was not attached to an office (see *A.-G. v. Eyres* [1909] 1 K.B. 723).

### Estate Duty

*Passing of property—Property deemed to pass—Beneficial interest—Settlement—Income of trust fund during life of settlor to be divided equally among her three children—On her death trust fund to be divided and an equal part to be paid over to each child absolutely—Settlor survived by all three children—Whether right of each child to income after settlor's death different from what it was before—Extent of beneficial interest arising or accruing on settlor's death—Finance Act, 1894, Section 2 (1) (d)—Finance Act, 1934, Section 28.*

Section 2 (1) of the Finance Act, 1894, provides as follows:

Property passing on the death of the deceased shall be deemed to include the property following, that is to say, . . . (d) any annuity or other interest purchased or provided by the deceased . . . to the extent of the beneficial interest accruing or arising by survivorship or otherwise on the death of the deceased.

In *Adamson v. A.-G.* ([1933] A.C. 257; 11 A.T.C. 513) the House of Lords decided that where an expectant interest became an interest in possession on a death, the duty payable under Section 2 (1) (d) of the Act of 1894 should be computed on the difference between the values of the interest immediately before and after the death. Section 28 of the Finance Act, 1934, was passed to counteract the effect of that decision. It provides that the extent of any beneficial interest accruing or arising on the death of the deceased in cases falling within Section 2 (1) (d) of the earlier Act

. . . shall be ascertained, and shall be deemed always to have been ascertain-

able, without regard to any interest in expectancy the beneficiary may have had therein before the death.

The facts in *Parker and Others v. Lord Advocate* (House of Lords, 1960, 1 All E.R. 20) were noted (*sub nom. Coats' Trustees v. Lord Advocate*) in our issue of January, 1959 (pages 30-31), when we reported the decision of the Court of Session that duty was payable on the capital value of the whole of the trust fund. The question for the House of Lords was whether this decision was correct. It was contended on behalf of the settlor's children that the beneficial interests which accrued or arose on the settlor's death must exclude entitlement to the income of the trust fund, as they were entitled to that before and after the settlor's death; therefore, duty was chargeable only on the difference between the capital value of the trust fund and the value of the income rights. The House rejected this contention and dismissed the appeal.

Lord Radcliffe said that on the settlor's death each child who survived her found that his right to receive the income of a share of the trust fund came to an end, and that what the settlement provided for him was a right to have made over to him a corresponding share of the capital of the fund as his own absolute property. He could not see that the value of that right—which, under Section 28 of the Finance Act, 1934, had to be ascertained without regard to the pre-existing interest in expectancy—could be reduced by the circumstance that, under the settlement, it had been preceded by an interest for the same child's life which was limited to cease on the settlor's death. It might be correct to speak of that interest as being enlarged by the death—in *Re Parkes' Settlement Trusts, Midland Bank Executor and Trustee Co. Ltd. v. C.I.R.* ([1956] 1 All E.R. 833, noted in our issues of February, 1956, page 59, and August, 1956, page 321), emphasis was laid on the difference between the case in which the rights of the beneficiary merely became more valuable on the death and that in which they were materially changed—but it seemed to him that what was important for the purpose of Section 2 (1) (d) was that it was the death that was the occasion of the contingent right to capital becoming absolute and displacing the previous limited right which had come to an end.

Similar views were expressed by the other Lords. Lord Keith said that before the settlor's death there was merely a right in the children (under Scots law) to call the trustees to account

for their administration of the trust and to pay to them the income arising (*C.I.R. v. Clark's Trustees* [1939] S.C. 11). With the settlor's death the trust came to an end and the right to receive the income of the trust fund ceased with it. Thereafter the children's income derived from ownership of the corpus of the trust estate vested in them for the first time. These were radically different rights, so that duty was payable on the principal value of the trust fund.

Both in the Court of Session and in the House of Lords reference was made to *Re Parkes' Settlement Trusts*. In that case a settlor directed his trustees during his lifetime to pay the income of a trust fund equally to his two daughters so long as they remained unmarried, but so that the amount paid to each daughter was not to exceed £250 in any year. Subject to this trust the income of the surplus of the fund was to be paid equally between the surviving children of the settlor. After the death of the settlor the trustees were directed to appropriate, in respect of each of the daughters who should then be unmarried, a fund sufficient at that time to provide an annuity of £250 for her life, to be paid so long as she continued unmarried. Subject to these trusts the capital and income of the trust fund, including any surplus income of the appropriated fund, were to be held on trust for such of the settlor's children as should survive him and if more than one in equal shares absolutely. All the children of the settlor survived him and both daughters remained unmarried.

Estate duty was claimed under Section 2 (1) (d): (i) in respect of the annuities which became payable out of the appropriated funds on the death, and (ii) in respect of the corpus of the settled property to which all the children of the settlor became absolutely entitled at his death. The Court of Appeal upheld the second claim, and this part of its decision was applied by the House of Lords in *Parker's* case. Viscount Simonds, however, said that he would reserve the question whether in *Re Parkes' Settlement Trusts* it was correctly decided by the Court of Appeal that duty was not payable in respect of the annuities to which the daughters were entitled on the death of the settlor. By Scots law the children in *Parker's* case had no interest in the trust fund before the settlor's death (save the right to call upon the trustees to carry out the provisions of the trust and give them the income arising from the fund), whereas, under English law, they would have had a right to the income itself; but though

the settlement in question was Scottish, Lord Cohen said he did not think any different result would have been reached had it been an English settlement in similar terms.

#### Estate Duty

*Contribution—Estate Duty not claimed on assigned part of fund—Whether duty payable rateably out of whole fund—Finance Act, 1894, Sections 1, 9—Finance Act, 1940, Section 43, as amended.*

In *Re Boulton, Public Trustee v. Robb* (Court of Appeal, 1960, 1 W.L.R. 140) a testator directed his trustees to hold a fund upon trust to pay the income to his sister C. during her life, and after her death for her issue; and in the event (which happened) of her having no children, upon the like trusts for her sister M. and her issue. Subject to such trusts, the testator directed that the fund should be held on trust in equal shares for such of three named cousins as should be living at the death or failure of the issue of the testator's last surviving sister, such cousins' issue to take their deceased parents' share per stirpes. All three cousins named in the will died before the sisters named in the will, but all left issue who lived to take a share of capital. In 1950 the sister M. assigned her reversionary life interest to the trustees of the will (subject to the reservation to herself of an annual sum which was also subsequently similarly assigned) upon trust to pay the income of the fund to the same persons and in the same manner as it would have been payable under the will if she had died. Accordingly, M. wholly divested herself of her reversionary life interest in the fund. By an assignment of 1951, C. assigned to R. (the only child of one of the then deceased cousins) one-third part of her life interest in the trust fund to the intent that such life interest should, so far as the law permitted, merge in the reversionary interest of R. C. died in 1958 and M. in 1959, both unmarried. In consequence of C.'s assignment the Estate Duty Office claimed duty on her death in respect of two-thirds only of the trust fund. The question raised was whether the duty leviable in respect of two-thirds of the trust fund by reason of C.'s death ought to fall on the two-thirds of the fund in which R. was not interested in exoneration of the third in which he was interested, or ought to fall rateably on the whole fund.

Lord Evershed, M.R., said that the point raised in the appeal was one of

novelty which was not free from difficulty. It might in certain circumstances be considered to have strange consequences. The intent of C.'s assignment was plain and it had been acted upon in practice, but as a matter of law the assignment was strictly ineffective. R., the assignee, had at the date when C. executed the instrument only a contingent reversionary interest and in order to take any share of corpus he had to survive both C. and M. It was incompetent for C., by this instrument, to cause any merger of an appropriate part of the income interest in the estate with what R. might take did he survive the date of distribution. However, from 1951 until C.'s death in 1958, R. received one-third of the income of the estate, and when C. died he continued to receive a similar share. The Estate Duty Office had stated its view in these terms:

If you look at the facts as they were when

C. died, it appears that two-thirds of the estate then passed and one-third did not; and the one-third did not pass because R. enjoyed both before and after the death, to exactly the same extent, one-third of the trust property or its income.

That view, said his Lordship, might be criticised by a conveyancer (on the ground that C. could not, by the instrument of assignment, cause the subject-matter of the trust estate to be severed into distinct proprietary subject-matters) but it corresponded quite manifestly with common sense and, he was inclined to think, with justice. Assuming that the Estate Duty Office had rightly levied estate duty on two-thirds of the trust fund on the footing that the remaining third did not pass on the death of the tenant for life, then the conclusion followed that under Section 9 (1) of the Finance Act, 1894, the burden of the duty fell to be borne by the two-thirds of the fund which attracted the levy.

## Tax Cases—Advance Notes

The Court of Appeal on March 10 gave judgment in the cases of *C.I.R. v. Collico Dealings Ltd.*, *C.I.R. v. Lucbor Dealings Ltd.*, dismissing the appeals of the companies against the decision of Vaisey, J., (see *ACCOUNTANCY*, November, 1959, page 609). Leave to appeal to the House of Lords was granted.

The Court of Appeal has reserved judgment in the case of *The Trustees of the Tollemache Estates v. Coughtrie* (see *ACCOUNTANCY* for July/August, page 403).

The Court of Appeal (Lord Evershed, M.R., Pearce and Harman, L.J.J.) has reserved judgment in the cases of *Mitchell and Edon (H.M.I.T.) v. Ross and others*, in which the taxpayers had appealed against the decision of Upjohn, J., who had held that fees received under part-time medical appointments under the National Health Service were taxable under Schedule E (see *ACCOUNTANCY* for July/August, 1959, page 407).

CHANCERY DIVISION (Danckwerts, J.)  
*The Building and Civil Engineering Holidays Scheme Management Ltd. v. Clark (H.M.I.T.)*. February 10, 1960.

The appellant company was formed in 1942 as a company limited by guarantee to administer a scheme to provide holidays with pay for the employees in the

building and civil engineering contracting industries. The Memorandum of Association provides, *inter alia*, that "the Company shall not trade for profit. Accordingly the income and profits of the Company, whencesoever derived, shall be applied solely towards the promotion of the objects of the Company as set forth in this Memorandum of Association."

The procedure of the company is that the employer applies to it for a supply of holiday cards and stamps, paying to the company the price of the stamps. This money is invested by the company. The employer puts on the holiday card for each employee a stamp every week. The employee is paid his holiday credit by the employer when he goes on holiday and signs a receipt for it on the card. The employer returns the receipted card to the company for reimbursement. In certain cases the employee claims his holiday credit direct from the company.

The scheme provides for an administrative charge of 6d. per card, which is deducted by the employer on paying the holiday credit and retained by the company. These charges together with income from its investments and bank interest form the income of the administration account of the company. This income does not cover the total expenses of the company.



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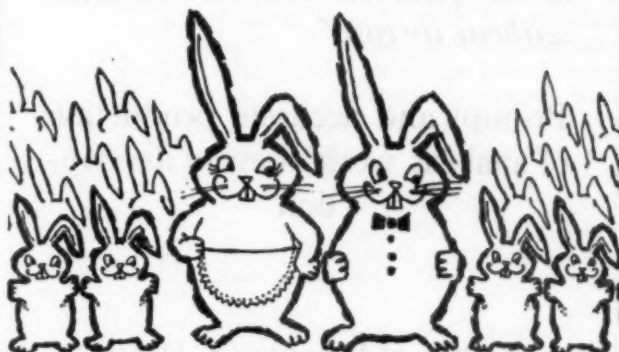
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The claims for reimbursement in respect of holiday credits have never equalled the receipts from sale of stamps, however, resulting in a surplus in the "Holiday Credits Account."

His Lordship, allowing the appeal by the company from the decision of the Special Commissioners, held that the company was not carrying on a trade.

**Grosvenor Place Estates Ltd. v. Roberts (H.M.I.T.).** February 11, 1960.

The National Coal Board are tenants under a long lease (within Section 177 of the Income Tax Act, 1952) of a building owned by the appellant company. The Board failed to deduct tax from certain payments of rent to the appellant company (as required by Section 170). Assessments were made upon the appellant company under Case VI of Schedule D in respect of the said payments.

The learned Judge upheld the decision of the Special Commissioners and decided, following the case of *Glamorgan Quarter Sessions v. Wilson*, that the assessments were properly made upon the appellant company.

**Bidwell v. Gardiner (H.M.I.T.).** February 12, 1960.

The appellant succeeded in October, 1953, to the trade of licensee of an hotel in Ely, previously carried on by B. During his first year of trading the appellant spent the sum of £168 in replacing furnishings in the hotel. The same expenditure if incurred by B. would have been an allowable deduction in computing the profits of his trade. The General Commissioners decided that the £168 contained an element of capital expenditure and was therefore wholly disallowable.

Before Danckwerts, J., the appellant contended that he carried on the same trade as his predecessor and consequently expenditure which could be related to the previous period of occupation by his predecessor should be treated as expenditure for the purpose of the trade. His Lordship, however, held that the expenditure was not allowable.

**C.I.R. v. Bernstein.** February 15, 1960.

In 1947 the respondent settled a sum of money on trust to accumulate income during his life and on his death to distribute the whole fund as to two-thirds to his present wife and as to one-third to his children by her then living; in the event of the wife having predeceased the respondent, to distribute the fund among the children then living; in the event of the wife surviving and there being no children, to pay the fund to

the wife; and in the event of the respondent being survived by neither wife nor children, the fund to be held on trust for the wife's sister absolutely.

The Revenue claimed that by reason of the power of advancement contained in the Trustee Act, 1925, Section 32, one-half of two-thirds of the income of the trust fund might become payable to or applicable for the benefit of the settlor's wife and thus be treated as income of the settlor by Section 405 of the Income Tax Act, 1952.

His Lordship rejected the Revenue claim and upheld the decision of the Special Commissioners.

**Wilkins (H.M.I.T.) v. Rogerson.** February 16, 1960.

A company made a present in 1955 to twenty-one of its employees of a suit, overcoat or raincoat each, which were to be obtained from Montague Burton Ltd. by the employees. The company wrote to Montague Burton Ltd. asking them to fit out the employees with the necessary clothing. At the same time the company wrote to the employees authorising them to order the clothing they desired. The bills were sent to the company, which duly paid them. The respondent was one of the employees. He ordered and received a suit priced at £14 15s., which the company paid.

He was assessed to tax under Schedule E in the sum of £14 15s. He appealed to the Special Commissioners on two grounds: (1) that the payment in respect of his suit was not taxable as part of his emoluments at all and (2) that if he was to be assessed in respect of the suit, the amount of the assessment should be the value of the suit in his hands on the footing that he could sell it as a second-hand suit as soon as he received it. This value was fixed, by agreement, at £5.

The Special Commissioners decided against the respondent on his first ground. From this decision there was no appeal. They decided in his favour on his second ground and Danckwerts, J., dismissed the Revenue's appeal from their decision.

**McLaren (H.M.I.T.) v. Needham.** February 17, 1960.

The respondent is the proprietor of a filling station. He entered into an agreement with Shell to sell only Shell petrol and that of associated companies. Under the agreement Shell undertook to pay to him for five years a "publicity allowance" towards the cost of redecorating the filling station in the Shell colours and of advertisement. Money received

under the agreement was mainly spent on structural improvements and alterations with the approval of Shell.

The General Commissioners had decided that the payments received under the agreement were of a capital nature. Danckwerts, J., said that the decision depended on the construction of the relevant agreement. He dismissed the Crown's appeal.

**Henry Ansbacher & Co. v. C.I.R.** February 18, 1960.

The appellant company agreed in writing not under seal to purchase the stock units of O. Ltd. The purchase money was to be paid by instalments and the amount of the second instalment was not ascertainable at the time of the agreement. The agreement provided that a bank should execute a deed of guarantee, guaranteeing payment to the purchasers, to the extent of £750,000, of the second instalment. Such a guarantee was executed by the bank and was expressed to be supplemental to the sale agreement.

The Revenue claimed stamp duty on the guarantee under the heading "mortgage, bond, debenture, covenant" in the First Schedule to the Finance Act, 1891, on the basis that the guarantee was the "only or principal or primary security" for the payment of £750,000 and that *ad valorem* duty at 5s. per £100 was payable on the said sum.

Danckwerts, J., held that neither the sale agreement nor the guarantee came within the heading "mortgage, bond, debenture, covenant" and that the guarantee remained a secondary document.

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## The Month in the City

### New Look for Investors

During last month City markets were under the influence of a number of powerful factors. The two likely to have the most lasting effects are the railway strike and its settlement by an interim grant of higher wages all round, and the decision of the authorities on February 24 to withdraw, at least for the time being, the support which they had for some time extended to the gilt-edged market. This support was little more than a moderate-term smoothing operation but intervention must have been substantial to offset the effect of sales by the clearing banks, amounting to some £80 million, including running off of Exchequer bonds, in the month to mid-February. Other factors of considerable importance, and pointing in the same direction, have been the warnings from both the Chancellor and the Governor of the Bank and his Deputy that expansion might be going too fast and evidence from various quarters of the extent of the expansion. There may be added the effect of the Vote on Account, which showed Government expenditure at a very high level and suggested that hopes of anything more than very modest tax reliefs were likely to be disappointed. Of a different character was the attention paid by London to Wall Street, where movements tended to lower levels and sometimes indicated distinct uneasiness. Under these and other influences, the Funds recovered steadily until mid-month, when a reaction set in. On the eve of the withdrawal of the Government "peg" they were still a half point up on the month, but the withdrawal produced falls ranging up to well over a point and weakness continued in this section and other fixed interest stocks. Meanwhile, despite some very favourable company results, industrial Ordinary shares had fluctuated well below the end-January level, though there was a rally on the settlement of the railway dispute. The fall in the Funds brought this index down 4 points. The net result on the month, as reflected in the indices of the *Financial Times*, are falls between

January 29 and February 29 from 83.70 to 82.76 in Government securities, from 93.43 to 92.96 in fixed interest; from 329.6 to 321.5 in industrial Ordinary shares and from 87.6 to 81.9 in gold shares. Meanwhile the margin between the yields on Old Consols and industrial Ordinary, which had been 1.31 at end-January, fell to 1.12 in mid-February and closed the month at 1.26.

### Substantial New Borrowing

The rather uncertain trend of markets has not stopped the demand on investors to provide new capital. The most important issue of the month was the offer of £12 million 5½ per cent. stock 1977-80 at 99 by the *Australian Government*. This stock looked attractive and as its issue coincided with a rise in the Funds it went well and large applications were cut to 68 per cent. A fortnight later *Gloucester County Council* offered £3 million 5½ per cent. stock of the same date at 98½; this issue also met with a good reception, but opened at ½ discount since the withdrawal of support for the Funds intervened. Another issue announced was a one for one "rights" offer at 25s. a share by *Tube Investments*, also referred to on an earlier page. It follows the pattern of the issue of 1955 which aroused a great deal of comment. On this occasion the total to be raised is £21 million. Other substantial issues on the way or actually completed include the successful *Decca* offer of £4½ million 6 per cent. Unsecured Loan stock, a *Tate & Lyle* offer of £5 million 5½ per cent. Debentures at 98½, offers by *Ashdown Investments* and *Augustine Investments*, a number of small offers and placings and some unit trust offers, notably one of 16 million units by "*Cupids*" at 3s. 2½d. to yield £3 4s. 7d. per cent., said to have met with a satisfactory response. Total money raised on all new issues during the month was according to the figures of the Midland Bank some £42 million.

### More Fusions

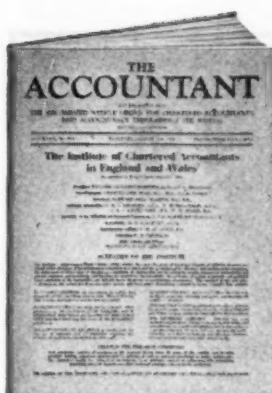
The month produced a considerable crop of fusions and takeover bids,

actual or projected. Of these the most interesting to the City is the decision of *Lazard Brothers* and *Edward de Stein* to amalgamate. Since the one is a company whose shares are privately held and the other a partnership the public are not interested as investors. It appears that this fusion has as its motive nothing more than to strengthen the organisation and not the necessity of adjustment for death duties, as is common with partnership fusions. The heads of the two firms have co-operated for long outside their individual businesses and these are to a substantial extent complementary. Of other mergers of interest, pride of place should perhaps be given to *Westland's* offers for the United Kingdom business of *Fairey Aviation*, since this move means that with the exception of Handley Page virtually the whole of the aircraft industry is now regrouped. The latter part of the month brought the announcement of two brewery schemes, the fusion of *Hammond United* with *Hope & Anchor* and *John Jeffrey*, and that of *Courage & Barclay* with *Simonds*. In another field *Charles Roberts* are bidding for *Birmingham Railway Carriage & Wagon*, while there is talk of competition to acquire *Peacock's Stores*. *Fisons*, disappointed over not acquiring *Crosse & Blackwell*, are out to take over *British Drug Houses*: the directors of B.D.H. consider the offer insufficient and are doing something to convince their shareholders on the ground that the group is in the middle of a very marked expansion which should yield good results next year and thereafter; meanwhile, the dividend has been doubled.

### Protecting Equity Holders

It has long been an accepted principle that the rights of equity shareholders shall be protected from dilution, whence the steady flow of "rights" issues and similar arrangements. However, it is sometimes difficult to raise prior charge capital without attaching to it some option on Ordinary shares. There has been a tendency for this practice to grow, especially in connection with property companies. At the beginning of the month the Council of the London Stock Exchange stated categorically that in future the specific consent of the equityholders must always be obtained for the issue of equity shares or of securities carrying the right to convert into or subscribe for such shares. The ruling is sound and welcome; it is to be hoped that it will be wisely applied by holders of Ordinary shares.





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## Points From Published Accounts

### Wooing the Small Investor

We do indeed seem to be entering the age of the small investor. He is being vigorously wooed—not least, it is encouraging to see, by the compilers of company accounts. One could debate how far the attention paid to the simplification of accounts and other financial data has excited the interest of the small man in investment, against the extent to which a growing concern by him in investment, stimulated in other ways, has influenced new thinking on the presentation of company reports and accounts. The outcome of the debate is less important, however, than the fact that the whole subject of presenting financial information is now constantly under revision: new examples are cropping up all the time.

The latest accounts of *Steel Company of Wales*, for instance, have been laid out strictly with an eye to the needs of those not well versed in accounting and financial matters. The profit and loss account has now been simplified in line with what has frequently been advocated in these notes—the elimination of all separate transfers to reserves. After the deduction of dividends from the “balance of profit for the year,” the whole of the remaining sum is termed “retained in the business,” and is transferred as such to the balance sheet. Thus there is no confusion about “profit brought in” and “profit carried forward.” Accordingly the profit and loss account presents a clearly-drawn picture of the year’s operations only—an attractive exercise in relevancy. Why, indeed, bring into the profit and loss account profits earned from previous years, except in the unusual circumstances of a dividend being paid from reserves?

### Straightforward Approach

The same sensible approach is preserved in the treatment of the 3 per cent. special interim dividend paid in February, 1959. Many companies have caused needless confusion by their method of accounting for such interim payments. We have here advocated the logical approach of debiting the payment to the carry-forward. Since *Steel Company of Wales* shows no carry-forward, the compilers of the accounts have done the equally logical thing and added the cost of the special

interim to the dividends for 1957/58, explaining their action in a handily placed note.

The whole approach of these accounts is summed up in the two quoted examples of straightforward thinking, and *Steel Company of Wales* can certainly stand amongst the leaders in the matter of presentation. The shareholders of this company are not overwhelmed, as those of many other companies are still, with intricacies of little or no import or interest.

### Over-simplification?

The changes made in this year’s accounts of *Tecalemit* are openly directed at the small investor. Mr. S. G. Gates, the chairman, says in his statement:

The accounts this year are presented to you in a new form designed to make them more readily intelligible to the small investor. With this aim in mind an attempt has been made to eliminate all unnecessary detail from the balance sheets and profit and loss account themselves, while making the notes more informative than before. I trust these changes will meet with your approval.

That is plain speaking; the writing is surely on the wall for all those concerns that persist in refusing to move with the times. *Tecalemit* has now gone over to the “capital employed” and “employment of capital” form of balance sheet, tastefully laid out on a left-hand page with the notes printed on the facing page. A similar layout has been adopted for the profit and loss account, but here the criticism might be made that simplification has been carried too far. What is shown as “trading surplus and other revenue” is in fact a profit subject only to taxation and the deduction of debenture interest. It is a pity, too, that the company has not gone so far as *Steel Company of Wales* in eliminating the carry-forward altogether, though it is very much a step in the right direction to keep the actual presentation of the figures so clear-cut. We do not think it is desirable to lump capital and revenue reserves together in the balance sheet as the company has done, referring readers all the way to the schedules to find out the relative proportions in the total figure.

### A Welcome Addition

A rather different line has been adopted by *Associated Engineering*. Here, as Mr. Henry R. Moore, the chairman, explains in his statement, “It has been our aim in the presentation of this year’s accounts, not only to give you the usual financial information but also more statistical details to enable you to assess the progress that the group has made over the last ten years.” What this boils down to is the introduction of two graphs, one showing a ten-year statement of capital employed, and the other an allocation of group earnings over a similar period, coupled with a complete ten-year comparison of results. These three pages now give a considerably more comprehensive picture of the record than was previously provided. The presentation of the accounts has also been livened up with the use of art paper and full colour photographs of the works and some aspects of the activities of the group. The format of the balance sheet has been left with the net assets on a left-hand page and the relevant notes on the facing page.

### A Timid Advance

*United Wire Works* is moving with the times. “It will be noted that the accounts are presented in a somewhat different form, which it is thought is more in line with modern accounting practice,” states the chairman, Captain W. D. T. Green. Unfortunately, the company has not moved far enough, the change referred to by Captain Green merely involving the consolidation of the carry-forward with the general reserve. The balance sheet still shows a stock reserve and a reserve for obsolescence of fixed assets. Nevertheless, the company has definitely made a step in the right direction, the “carry-forward” being eliminated entirely from the profit and loss account and being combined with the general reserve.

### A Mixed Effect

*Aveling-Barford* is yet another company to have gone in for simplification and clarity, though unfortunately it is difficult to see that very much has been achieved. Hitherto the balance sheet has shown a separate entry for minority interests—down to no more than £5,000 in the balance sheet as at September 30, 1958. Now this item has been included with creditors. As the directors point out, it was a negligible item, but whether as a matter of principle it should be hidden from view altogether is at least arguable. A far more commendable change adopted is the consolidation of



the former general reserve and stock reserve into the one item "undistributed profits." This move is wholly applauded. But the accounts tend to throw away much of the effectiveness of the changes that have been made, simply because the parent and group accounts continue to be superimposed on a single page, necessitating the printing of four columns of figures adjacent to one another. The arrangement militates against easy reading: with such a layout one year's figures for the group may inadvertently be compared with another year's figures for the parent, even by the careful scrutineer.

#### Comparisons On Consolidation

A major accounting problem always arises following the merger of two businesses, particularly when the figures for one of the companies cover a broken trading period. Not all companies handle

the matter satisfactorily, but the new combine *International Computers and Tabulators* has gone about as far as it is possible to go in making its maiden accounts of some use to the analyser. Normally, the latest accounts would compare with the accounts of British Tabulating Machine only, and since I.C.T. is the product of a merger between this concern and Powers-Samas Accounting Machines (a subsidiary of Vickers), the comparison would not mean very much. The directors have tried to bridge the gap by providing a combined total of the profits of the two businesses for 1958 in addition to the profits of the B.T.M. group alone. Thus it can be seen that, while the latest group profit, subject to taxation, of £2,328,000, goes against £1,464,000 for the B.T.M. group alone, it also compares with a combined total of £2,020,000. This practice provides a much more realistic

indication of the relative merits of the latest result. The same arrangement has been preserved in the presentation of the balance sheet; the approach ought to be adopted in all similar cases where amalgamations drastically alter the earning capacity of a business. Without some such information, shareholders must wait for two full years before they can get any real idea of the progress of the combined undertakings.

In addition to providing these additional figures, the directors of I.C.T. have also presented a fully comprehensive directors' report which helps to fill in any gaps and to make absolutely clear what has been happening over the past year. These accounts, in fact, are in line with the progressive approach that has long been evident in the accounts from B.T.M., typified in the rounding off of all balance-sheet figures to the nearest thousand pounds.

## Legal Notes

#### Company Law—

##### Liability of B Contributors

The Court of Appeal decision in *In re Apex Film Distributors Ltd.* [1960] 2 W.L.R. 350 is the subject of a Professional Note in this issue.

#### Company Law—

##### Status of Auditor

In ACCOUNTANCY for December, 1959 (page 640), there was a Professional Note on *R. v. Shacter*, in which the Court of Criminal Appeal, applying earlier decisions on civil liability to a criminal case, held that an auditor appointed to hold office under Section 159 (1) of the Companies Act, 1948, is an "officer" of the company, whereas an auditor appointed *ad hoc* for a limited purpose is not. This case has now been reported [1960] 2 W.L.R. 258.

#### Executorship Law and Trusts—

##### Perpetual Gift of Income to Charity

In *In re Levy deceased* [1960] 2 W.L.R. 278, a testator gave his residual estate to the official trustee of charitable funds upon trust that the capital should form a fund to be known as the "Levy Family Charitable Trust" and that the income should be divided into eight equal parts and paid to certain named charities.

Now, it is a well-established rule that, if a perpetual gift of income is made to an individual, that entitles him to call for the corpus of the trust, and some of the charities contended that they should be treated in the same way as an individual and be entitled to call for the corpus.

The Court of Appeal refused to accept this contention. The rule as regards individuals, it held, was based on the principle that a testator making an indefinite gift of income to an individual must intend that individual to have the fullest enjoyment of the income, that accordingly there could be no one else interested in the property and that, since the individual was not himself perpetual, the full enjoyment intended could only be achieved if the individual could call for the capital. But different considerations applied to charities; charities were perpetual and could effectively enjoy a gift of income in perpetuity. Consequently, the rule of construction which entitled an individual to call for the corpus did not assist a charity. The Court must look to see whether in the circumstances of the case it could discern any intention by the testator that a charity should have more than the income in perpetuity. In this case there was no such intention.

#### Miscellaneous—

##### What is a Premium?

The essential facts in *Elmdene Estates Ltd. v. White* [1960] 2 W.L.R. 359 were

simple. As a condition of the grant of a tenancy to which Section 2 of the Landlord and Tenant (Rent Control) Act, 1949, applied, the landlord company required the tenant to sell his own house to an associated company for £500 less than its true value. The tenant then claimed to be entitled to recover £500 from the landlord as an illegal premium, and the landlord resisted his claim on two grounds: (a) that the transaction did not amount to the payment of a premium within the meaning of the Act, (b) that the payment, if any, was made to a third party and not to the landlord.

The House of Lords decided in favour of the tenant on both points. By Section 18 (2) of the Act the expression "premium" includes any fine or other like sum and any other pecuniary consideration in addition to rent. Their Lordships said that the sale of a house at £500 below its value was in substance a consideration stated in terms of money and there was for the purposes of the Act a "pecuniary consideration," whenever the benefit obtained by the landlord or the detriment suffered by the tenant was expressed in terms of money. Their Lordships further held, disapproving certain dicta in *R. v. Birmingham (West) Rent Tribunal* [1951] 2 K.B. 54, that the transaction was not removed from the operation of the Act by the fact that the consideration was required by the landlord company to be paid not to it but to a third party.

## An Accountant's Guide to Recent Law

### STATUTORY INSTRUMENTS

No. 35. Iron and Steel Board Scheme for Provision of Funds Confirmation Order. Replacing 1956 Scheme and reducing rates of levy.

No. 66. Town and Country Planning (Control of Advertisements) Amendment Regulations. Amending Regulations of 1948 as regards areas of special control, etc.

Draft. National Insurance (Earnings) Regulations. Providing for increase of amount of earnings to be disregarded for purpose of reducing retirement, etc., pension.

No. 135. Treasury (Loans to local authorities) (Interest) Minute. Increasing rates of interest chargeable.

No. 137. Treasury (Loans to persons other than local authorities) (Interest) Minute. Increasing rates of interest chargeable.

No. 122. Plant and Machinery (Rating) Order. Providing for new detailed statement of plant and machinery falling within Third Schedule of Rating and Valuation Act, 1925.

No. 144. Justices' Allowances Regulations. Making alterations in lodging allowances, etc., payable to justices of the peace.

No. 191. Exchange Control (Authorised Dealers) (Amendment) Order. Amending list.

No. 192. Exchange Control (Authorised Depositories) (Amendment) Order. Amending list.

No. 194. Opencast Coal (Fees) Regulations. Requiring National Coal Board to pay professional fees reasonably incurred by persons obtaining advice on record of condition of land or by claimants in preparing claims for compensation.

No. 200. Copyright (International Conventions) (Amendment) Order. Terminating protection for works originating in Indonesia.

No. 201. Patents Etc. (Iran) (Convention) Order. Declaring Iran to be a convention country for the purposes of Acts relating to patents, designs and trade marks.

No. 211. Family Allowances, National Insurance and Industrial Injuries (Denmark) Order. Giving effect to convention between U.K. and Denmark.

No. 212. Family Allowances, National Insurance and Industrial Injuries (Finland) Order. Giving effect to convention between U.K. and Finland.

No. 227. Coroners (Fees and Allowances) Rules. Altering allowances payable to witnesses.

No. 228 (L.1). Witnesses Allowances Regulations. Altering allowances payable to witnesses in criminal cases.

No. 233 (L.2). Jurors' Allowances Regulations. Altering allowances payable to jurors in respect of jury service.

### DECISIONS OF THE COURTS

#### Company

Extinguishment of debts operated to reduce liability of "B" contributors as there had been no *cr. l.* on them in compulsory winding-up.

*In re Apex Film Distributors Ltd.* (2 W.L.R. 350.) See a Professional Note in this issue.

#### Contract

Order made for specific performance of contract for sale of land some weeks before the

last day for completion.

*Hasam v. Zenab.* (2 W.L.R. 374.)

#### Factory

Although defendants were in breach of Section 14 (1) of the Factories Act, 1937, the plaintiff's deliberate act of folly was the effective cause of his injury and therefore the defendants were not liable.

*Rushton v. Turner Bros. Asbestos Co. Ltd.* (1 W.L.R. 96.)

Pump-house held not to be a factory within meaning of Section 13 of Factories Act, 1937.

*Longhurst v. Guildford, Godalming and District Water Board.* (2 W.L.R. 383.)

#### Hire Purchase

Printed conditions of a hire purchase company discussed.

*Lowe v. Lombank Ltd.* (T.N. February 10.)

#### Local Government

The proper performance of duty of a local authority towards the general body of ratepayers called for periodic reviews under Section 4 (4) of Requisitioned Houses and Housing (Amendment) Act, 1955, and a council in making arbitrary determinations without carrying out any such review had acted in a manner inconsistent with that duty. The resulting payments were contrary to law and the district auditor was right in disallowing and surcharging the appellants.

*Taylor v. Munrow.* (1 W.L.R. 151.)

#### Restrictive Practices

Agreed orders made that restrictions were contrary to public interest.

*In re Federation of Master Process Engravers Agreement.*

*In re Hard Fibre Cord Association Agreement.*

*In re Twine and Trawl Twine Association Agreement.*

(T.N. February 2.)

*In re Garage Equipment Association's Agreement.*

*In re Spring and Interior Springing Association's Agreement.*

*In re Tuyere Makers Association Agreement.* (T.N. February 16.)

#### Statute Construction

The words "properly maintained" in Section 81 (1) of Mines and Quarries Act, 1954, imposed on mine owners an absolute and continuing obligation to keep winch in proper and efficient state and not merely the duty of properly servicing it.

*Hamilton v. National Coal Board.* (2 W.L.R. 313.)

Sections of Gold Coast Concessions Ordinance held to be imperative, and their provisions were to be strictly observed; they were designed to protect the grantor in the public interest and no waiver of any of the conditions was possible.

*Edward Ramia Ltd. v. African Woods Ltd.* (1 W.L.R. 86.)

#### Trust

Once the approval of the court has been given to arrangement varying trusts under the Act of

1958, the trusts are *ipso facto* altered and the trustees bound to give effect to the arrangement.

*In re Hambleden's Will Trusts.* (1 W.L.R. 82.)

#### Will

"Your loving mother" held to be a valid signature to a will.

*In the Estate of Cook deceased.* (T.N. February 20.)

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#### ABBREVIATIONS USED

All E.R. The All England Law Reports  
T.N. The Times Newspaper  
W.L.R. The Weekly Law Reports  
Note: Taxation cases and articles excluded

The Problem of Growth is the theme of the Northern Conference of the British Institute of Management, to be held at Southport on April 21 and 22. Among the subjects of the papers are "Streamlining the Company," "Financing for Expansion," and "Keeping an Eye on Costs."

A three-day conference for office executives, accountants and company secretaries at the Connaught Rooms, Great Queen Street, London, W.C.2, is announced by the Industrial Welfare Society, Robert Hyde House, 48 Bryanston Square, London, W.1, for March 22-24. The subject is The Next Phase in Office Management. At luncheon on the last day the Minister of Labour, the Rt. Hon. Edward Heath, will speak on "Industrial Relations—the Next Five Years."



## Letters to the Editor

### University Graduates

Sir,—In your issue of April, 1959, you kindly published a letter from me referring to the increase in the number of enquiries received at the Institute from graduates of United Kingdom universities wishing to enter into articles. In the last three years there has been a very satisfactory increase in the number of graduates entering articles and there are signs that this development will continue.

Many enquiries have already been received this year for vacancies after graduation in 1960. A few relating to the provinces have been received, but the great majority are anxious to undertake their articulated service in the London area.

Members of the Institute who are likely to have vacancies for graduates from July, 1960, are invited to write to me in order that an introduction may be given.

Yours faithfully,

ALAN S. MACIVER,  
Secretary, Institute of Chartered  
Accountants in England  
and Wales

Moorgate Place,  
London, E.C.2.

### Capital and Revenue Reserves

Sir,—Businessmen seem reluctant to make transfers to capital reserves unless the law compels them so to do. It appears that they regard such reserves as sacrosanct, but, as Mr. G. F. Saunders so ably pointed out when speaking of the Institute's Recommendations (see ACCOUNTANCY, November, 1959, page 585), transfers may be made from capital reserves to revenue reserves if the circumstances justify it and the law does not prevent it.

With respect, I suggest that some re-thinking is required about this matter of reserves, and that it should be appreciated that—requirements of the law apart—there is free transferability between capital and revenue reserves and vice versa.

If profits are permanently ploughed into the business it would appear that there should be a corresponding transfer to capital reserve. If it should later happen that the liquid resources are increased either by release from fixed assets or by a reduction in the amount of working capital considered necessary, then a re-transfer can be made back to revenue from capital, provided that the increase in liquid resources is regarded as available for distribution through the profit and loss account.

In this connection also it seems to me that two prevailing practices require reconsideration, namely, the sub-division of revenue reserves into different bits and pieces and the bringing in to the current profit and loss account, before dealing with appropriations, of balances from previous profit and loss accounts.

In the former case a sub-classification of

revenue reserves would seem to impute some meaning other than that they are regarded as available for distribution through the profit and loss account. In the latter case, it seems to me that the profit and loss account of the period should stand on its own and be closed by transfer of any unused balance to revenue reserve or by transfer from revenue reserve in the event of loss or appropriation of a sum greater than the available current profit.

However, these are matters which require more detailed argument than is proper in the scope of this letter.

Yours faithfully,

V. RONALD ANDERSON, F.C.A.

Conway.

### Over or Under a Certain Age

Sir,—I am naturally gratified to see from the note on page 30 of your January issue that the Inland Revenue has at last accepted the arrangement about children's ages that I contended for in your columns about two years ago. It means that the Revenue has come into line with fifty years of social insurance legislation, as surely it was bound to do, and regards a person as being *over* a specified age as from the commencement of that anniversary of his birth.

The normal corollary is that up to and including the previous day the person is *under* the specified age. That conclusion is very convenient for most purposes. The alternative, seeing that "the law does not split a day," would be to say that the day before the birthday is a kind of "limbo" day, when the person is neither under nor over the specified age, and this is what in fact was done by the court for the special purpose of deciding on what day a person can first exercise the rights of a person of full age. The conception is clearly an artificial one, but expressly designed not to violate the general rule that a person is, for example, *over* twenty-one on his twenty-first birthday.

Yours faithfully,

F. W. DANIELS, O.B.E., A.S.A.A.  
Newcastle upon Tyne.

Sir,—The membership subscription notice issued by the Institute, in its reference to members in retirement, still appears inconsistent with *Re Shurey, Savory v. Shurey* quoted in your January issue.

The reference has been amended this year to apply to "a member born on or before January 1, 1900," but should this not be "on or before January 2"?

Yours faithfully,

K. E. YOUNG, F.C.A.

Edinburgh, 8.

### Depreciation

Sir,—In his article "Some Thoughts on

Depreciation" (your February issue, pages 73-75) Mr. J. A. Scott argues that the apparent anomalies in theory and practice can be reconciled by regarding depreciation as a provision replenishing a loss of capital rather than a cost. Further, in calculating the amount of the provision for general use Mr. Scott favours the diminishing-balance method in preference to the more usual straight-line method.

One reason for Mr. Scott's preference is that he considers that the diminishing-balance method makes allowance for obsolescence as well as providing for wear and tear.

Leaving aside the question of whether the higher provisions created during the initial years by the diminishing-balance method do in fact equate to the degree of obsolescence incurred, I would suggest that any depreciation provision which includes an allowance for obsolescence is in effect part cost and part replenishment of loss of capital.

The purchase price of a new asset (say plant and machinery) really represents payment in advance for a given production potential. Expressed in simple terms (and allowing as Mr. Scott does that a depreciation rate related to activity should be used in special instances) a machine costing £20,000 and having an effective life of twenty years costs £1,000 per annum in wear and tear assuming a *nil* residue value. This £1,000 per annum is a true cost which must be taken into account in computing profits.

If during its life the machine becomes obsolete and has to be replaced the resulting loss represents productive capacity purchased but not subsequently utilised. Viewed in this manner the loss arising on obsolescence can be regarded as a reduction (or appropriation) of profits earned rather than a charge to be brought into account in computing those profits. Thus wear and tear is a cost and obsolescence is a loss of capital.

The provision for depreciation made in the financial accounts is usually calculated so as to provide in advance for a possible loss resulting from obsolescence which may or may not occur. Very often these calculations are based on doubtful guesswork.

When dealing with internal costing problems of the nature posed by Mr. Scott it is suggested that depreciation based on wear and tear can always be taken into consideration as a cost.

Thus applying this reasoning to Mr. Scott's examples (to which reference should now be made) we may comment as follows.

#### (1) Marginal costs

As Mr. Scott points out the marginal costing approach does not solve his difficulty, it merely ignores the problem. Clearly, if a situation exists where an apparently fully depreciated machine continues in production, then either:

(i) The original depreciation rate was too high—if so, an adjusted rate should be used in the comparisons, or

(ii) The obsolescence element included in the depreciation provision has not been divorced from the wear and tear (cost) element.



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(2) *Make or buy*

The decision to adopt alternative "A" and make the product instead of buying in does not ignore depreciation as Mr. Scott suggests. Rather it acknowledges that the cost of the productive capacity necessary (represented by depreciation) has already been incurred and will be lost if not used. Thus there is no sense in paying a further £85 to a supplier, thereby making a total cost of £105 when the product can be manufactured for £95.

(3) *One method rather than another*

Alternative "B" is the correct choice not because depreciation has been ignored but because as in the case of the previous example it is recognised that depreciation is already an incurred cost in either case. Thus the choice lies between the labour costs involved. Obviously, the lower figure is selected.

(4) *Replacing old plant*

Of the three methods of presentation shown I consider that the first statement gives the most accurate view. The effect of changing the plant is to increase the profitability of the company by £4,200 per annum at a cost of taking an obsolescence loss of capital charge of £6,000. The first method clearly shows this situation; it also indicates that the obsolescence loss will be recouped in about seventeen months and that after this time the company fully benefits from the additional return.

The interesting feature of the second method of presentation (that is, the one favoured by Mr. Scott) is that the additional return is reduced to £2,200 per annum. This result comes about because the presentation really incorporates a provision for the recovery of the "over-statement of reserves—£6,000" over the remaining three years of the original life of the old machine and therefore fails to distinguish between wear and tear as a cost and obsolescence as a loss of capital.

Yours faithfully,

W. J. BRIDGES, A.A.C.C.A.

Redhill

[MR. SCOTT WRITES: May I content myself with reaffirming my opinion that the traditional "writing off to profit and loss account—amortisation angle" is not the one and only angle from which depreciation can legitimately be viewed.

One point, however, seems to call for comment. The deliberately over-simplified comparative presentations of plant replacement are, of course, inadequate for forming sound decisions. If, however, one ignores interest and tax, assumes continuation of income and performance, takes it that all gains are accumulated in the organisation and that the identical new plant to that currently under consideration could be installed one, two, or more years hence, then starting with old plant having a book value of £6,000 and cash adequate to purchase new plant it will be found on projecting a series of future balance sheets that as compared with replacing old plant now,

deferment for one, two three, four or five years will result in one ultimately being worse off in asset and capital value by £2,200, £4,400, £6,600, £8,800 and £11,000 respectively—that is, at a final cumulative rate for progressive deferment of £2,200 per annum, not £4,200 per annum, as might be inferred from the wording of Mr. Bridges's interpretation of the first form of presentation. That the annual figure is £2,200, not £4,200, can perhaps be most clearly seen from the fact that in the third presentation the depreciation provision on old plant drops out after three years in both the left-hand and the right-hand columns.]

**Personal Attendance at Room 696**

Sir,—At about the age of forty, obligations undertaken in the earlier years of practice begin to mature, some of them quite unexpectedly. One of them is the results of appointment by will as an executor.

One believes one knows the procedure: surely it is set out clearly in the textbooks; and if it is a small estate and a simple case, it may well be adequate and reasonable to go about securing probate without the aid of a legal colleague. We get a solicitor's clerk to send us the right form, swear the necessary affidavit and post form and affidavit, with the death certificate, the will and a cheque to the Estate Duty Office.

That seems simple enough. But at this point we find we are on the wrong road: the reply is short and to the point—a request to attend personally at Room 696 of the Royal Courts of Justice. What has gone wrong? With some reluctance and much indignation we set out to find the answer, and receive it from the most efficiently run office ever met in varied dealings with government and Crown officers. The drill we had studied in our textbooks applies only to solicitors. Everyone else, including accountants, must deal with the personal applications department at Room 696.

There the routine is that, an official having examined the will and the death certificate, the applicant is asked to complete a special form of account and to answer a questionnaire. Officials are there to help and all facilities are good. From these papers an affidavit will be prepared for you and an appointment made for a second visit. On the second visit you compare the affidavit with your original account; take it down a long, long corridor to find a Commissioner who administers the oath, retains the papers and accepts a cheque covering all costs. You have then only to address an envelope to yourself and wait about a fortnight for the advent of probate.

To return to the chartered accountant who started off in the wrong way: everyone was most helpful, routine was reduced to a minimum, but the affidavit had to be re-sworn. Pressed, an official suggested that not a few chartered accountants started off on the wrong foot. But he went on to stress that the factor of great importance, if one wished to avoid delay, was that everyone should check and clearly state which if any

among the shareholdings in the estate were in companies whose registered offices were in Scotland, Northern Ireland or elsewhere overseas.

Yours faithfully,

FRANC

(Pseudonym of a member of the Institute)  
London, S.W.1.

**Accountants' Salaries**

Sir,—The contents of the recent report of the Royal Commission on the salaries of members of the medical profession must, I feel, have been noted with interest by many accountants besides myself.

This prompts me to enquire whether there is any possibility of a Commission being appointed to report upon the salaries of members of our profession. If not, I would suggest that the Institute would be rendering an urgent and essential service to its members by making a survey of their salaries and publicising the results, thereby helping to dispel the widespread delusion of the public as to the financial rewards of the accountant—"G.P." or specialist.

For obvious reasons, and in the hope that you will publish this letter, I must sign myself,

Yours faithfully,

UNDER A BUSHEL

(Pseudonym of a member of the Institute)

[We give on earlier pages of this issue statistical tables on accountants' earnings from the report of the Royal Commission on Doctors' and Dentists' Remuneration, and our Editorial article is on the subject.—Editor, ACCOUNTANCY.]

**The Institute's Recommendations**

Sir,—Your correspondent, Mr. E. A. Lowe, B.Sc.(ECON.), A.C.A., raises a most important point when (ACCOUNTANCY, January, page 41) he criticises the Recommendations of the Institute. After all, these publications in a solid new binding are the sole benefit members have so far received from the integration scheme, and it is only right that we should subject them to critical analysis.

He is right when he questions the words "a true and fair view." They are a meaningless mumbo-jumbo, and I have pointed out on several occasions (without so far being contradicted) that the two objects of a true and fair view of the state of affairs and a true and fair view of the profit or loss of the year are mutually exclusive. A set of accounts can do one or the other, but not both, and the Taxation and Research Committee must face this fact.

Further, the fundamental obstacle preventing a going-concern balance sheet from presenting a "true and fair view" is the distinction between fixed and current assets. Although our judges long ago seized upon this distinction as one of crucial importance in the interpretation of accounts, and although it is incorporated in the Companies Act, 1948, the leaders of our profession now invite us to flout the provisions



of paragraph 4 (2) of Schedule VIII. They must provide stronger reasons than they have so far produced.

In fact, the Council erroneously asserts that the distinction between fixed and current assets is a matter of intention (Recommendation 18 (31) and 18 (35) and Recommendation 20 (3)). It is a poor prospect for accountants if the exercise of the profession is to be made dependent upon the whims and fancies of businessmen.

In grappling with theory the Council shows itself at a disadvantage, but does no better when it tackles points of practice. Is it really a step forward to suppress the titles "assets" and "liabilities" (Recommendation 18 (5)) or to replace "net profit or loss" by "trading surplus or deficit" (Recommendation

18 (41) and 18 (50))? I think that it would be a very good thing if businesses were required to make sure that only assets were included on the one side of the balance sheet, and only liabilities on the other. Nor do I believe for one moment that the results shown by business profit and loss accounts are trading surpluses or deficits. Why try to conceal the fact that we are having great difficulty in measuring business profits and losses, if that is what we are in fact doing?

The point of Mr. Lowe's—and my—criticisms is that research cannot be accomplished by committees. Committees can ensure that an education policy is put into practice, or that adequate textbooks are available for students, but they cannot accumulate knowledge about professional

education or advance the science of accounting. What the Council should and could do, however, is to see that Departments of Accounting are established in every one of our universities, that they are staffed by people properly qualified to teach and advance the subject of accounting, and that a fair share of the best young minds in the community are attracted to devoting a few years to accounting research there. If a useful outlet for the P. D. Leake Trust funds is required, or even for the vastly increased subscription revenue which the Institute now enjoys, may I suggest that this should take first priority?

Yours faithfully,

KENNETH S. MOST, LL.B., F.C.A.

London, S.W.10.

## Readers' Points and Queries

### Residence—Termination of Oversea Contract

*Reader's Query.*—X. left England in 1958 and was treated as not resident and not ordinarily resident from December, 1958, the start of his three-year contract. The contract was terminated in 1959 and he returned home in November, 1959. He made remittances during 1958 and 1959 while he was abroad (but not since returning). The contract was terminated against X.'s wishes, and leave pay covers one month from his return to the United Kingdom. Will the Revenue seek to revoke his non-resident status?

It would be advantageous for X. to become resident with effect from his return, so long as this will not prejudice his non-resident status for the eleven months of his absence.

Would it make any difference whether or not he (a) obtains work in the U.K. before April 6, 1960, or (b) spends less than three months of the tax year in the U.K., or (c) obtains fresh overseas employment?

The position would appear satisfactory if X. were returning after a complete fiscal year abroad. The difficulty here is that the contract was prematurely terminated, and revocation of non-resident status would cause considerable financial hardship.

*Reply.*—As X. has returned to this country, presumably with a view to staying here, he will be deemed to be

resident from the date of arrival. It is not the practice to assess remittances in respect of any employment which terminated before the return to this country, but this is complicated by the fact that leave pay continued after his return. Since the source ceased in the same year as but after permanent residence was taken up, the charge to tax will be on the lesser of (1) the total remittances in the year; or (2) the income arising from the date of arrival to the date of cessation of the source.

It appears, therefore, that the leave pay will be all that can be assessed.

If X. does not intend to remain in this country, then he will not be resident in 1959/60, since he was not in this country for more than six months in that year.

### "Audited and Found Correct"

*Reader's Query.*—I have been appointed to act as auditor to a local area group of one of the political parties, and I shall shortly be called upon to conduct my audit. I believe that there has been criticism of the form of auditor's report "audited and found correct." What is the criticism, please, and can you give me a more acceptable wording of the report?

*Reply.*—There is a move nowadays to simplify somewhat the rather lengthy auditors' reports which emerged after the Companies Act of 1948 came into force, and no doubt there is something to be said for attempting to shorten the wording that

was first used. In our opinion, however, to carry simplification to the point of merely saying "audited and found correct" is going much too far. Nearly always, except in instances of extreme simplicity, an auditor is not in a position to say categorically that the accounts he has been examining are correct. What he can and should do is to form an opinion based on the work he does and the enquiries he makes and, as pointed out in the statement by the Institute on Reports on accounts of sole traders and partnerships appearing at S.4 of the Members' Handbook, his opinion should be confined to the question whether the accounts he has been examining present a true and fair view. In short, it is now generally accepted that one should not say "found correct" but rather express an opinion as to the truth and fairness of the accounts that are being presented.

### Capital Distribution

*Reader's Query.*—A private limited liability company opened a branch business some few years ago. It has recently sold the branch business and the sum received for the goodwill, £5,700, has been treated as a capital reserve. Among the assets of the company is the sum of £1,200 which was expended on improving the premises which the company occupies under a lease.

The company proposes to write off the improvements to premises to the capital reserve and to distribute the balance of the reserve, £4,500, among the ordinary shareholders as a capital distribution. A loan of £4,000 was advanced to a director to enable him to redeem mortgages on his personal properties which now secure a mortgage

advanced to the company. This director proposes to repay this loan to the company out of the proposed capital distribution.

(1) Is there any reason why these transactions should not take place?

(2) Would the shareholders become liable to either income tax and/or surtax on the monies received by them from the proposed capital distribution?

*Reply.*—So long as the capital surplus remains after a revaluation of all the assets and liabilities, there is nothing to prevent a capital distribution such as is contemplated. So long as the resolution is properly worded, there can be no liability to income tax or surtax on the

monies received by the shareholders. See *C.I.R. v. Blott (1921, S.T.C. 101)*.

#### House Built for Controlling Director

*Reader's Query.*—A company engaged in shopfitting and building built a residence for the controlling director for what is intended to be permanent occupation. The amount paid by him to the company was based on prime cost plus proper proportion of overheads. No other building work has been done for him in the past and none is contemplated. The Inspector is seeking to assess the difference between cost and market price as an emolument of the

office, relying on *Weight v. Salmon (1935, 19 T.C. 174)* "and certain later cases." The director has already been in occupation of the house nearly two years and has no intention of parting with it.

*Reply.*—Notwithstanding the case mentioned, it is considered that Sections 161 and 162 of the Income Tax Act, 1952, would apply here, and it should be the cost of the building that would be a benefit if the director did not pay for it. It will be noted from Section 162 (2) that it is only where the asset has been used or has depreciated that the value at the time of transfer has to be taken into account. There does appear, however, to be some doubt in the matter.

## Publications

**Income Tax Maintenance Relief and Agricultural Allowances.** Second edition. By F. E. Cutler Jones, B.A., F.C.A. Pp. xx+282. (Sweet & Maxwell: 32s. 6d. net.)

IF THE CHANCELLOR of the Exchequer accepts the advice being pressed upon him to abolish Schedule A assessments on owner-occupiers and to assess rental income under Schedule D on receipts less expenses, this book (now in its second edition) will become to a large extent obsolete. Meanwhile, it provides a mine of information indispensable to all who are concerned with Schedule A tax, whether as accountants, solicitors, estate agents, landlords or owner-occupiers.

It is not a book of much use to students or to examinees. Its appeal is to those who are actively concerned with the making of maintenance claims, and it sets out exhaustively the circumstances in which such claims may be made, or should not be made, or should be made only on a restricted basis. It ranges from such details as whether an owner-occupier can claim relief on the cost of a paint brush or merely on the cost of replacing the paint brush, to such broad matters as the demarcation between farming and market gardening.

The author comments on the diverse interpretations applied by the Inland Revenue to numerous minor points and suggests that this state of affairs is due to its being seldom worthwhile for a claimant to contest a local Inspector's

ruling. Probably the diversity is due in the first place to maintenance claims being regarded in Tax Offices as clerical work to be dealt with by persons who are without the legal training of the Inspector. Mention might also be made of the helpful practice in some Tax Offices, when sending a renewal form, of inserting agreed figures of allowable expenses for the first four years to be brought into average.

On page 262 is a curious statement that, on appeal, any witnesses for the Revenue are examined before the taxpayer's representative states his case. Such may have been the author's experience before some General Commissioners but it is contrary to the procedure before the Special Commissioners.

A book of this type is of little use without a good index to trace matters of detail: the author provides twenty-four columns of index.

A.V.T.

**Principles of Cost Accountancy.** By C. I. Buyers, C.A., A.C.W.A., and G. A. Holmes, F.C.A. Pp. 563. (Donnington Press and Cassell: 35s. net.)

IT IS BECOMING more and more difficult to bring the whole of costing within one cover—but that is precisely what the authors have done here, and done very well. The title has been interpreted liberally and the "principles" include much useful detail.

There are some aspects of costing about which accountants are prepared to argue: in these areas both views are given fairly, with the advantages of each, but without any attempt to adjudicate. Stock valuation is one

example. F.I.F.O. and L.I.F.O. and so on are all fully explained and the reasons for each basis made clear, yet it must all be a little bewildering to the young student who has little practical experience on which to judge between the bases. A more positive lead might be helpful. Similarly, the chapter on marginal costing gives no hint of the passion with which some accountants support it, or of the horror that it inspires in others. If, however, the authors' wish to be strictly impartial is respected, it may be affirmed that they perform their task in excellent manner.

One thing that could be said to be lacking in the book (admittedly on a personal view) is enthusiasm. The junior clerk spends his office days doing a dull job because he is told to do it, a job of which the purpose is hidden in the routine of business. In his studies he should surely find something to remind him that the career on which he has embarked is worth-while for its own sake, that it adds something to productivity or at least to profit. True, if he reaches the chapter on the variability of costs and reads page 418 carefully he could learn the lesson there, but by that time he may have given the whole thing up and joined the army. The academic approach has its limitations!

So, too, with standard costing and budgetary control. Many of us think that here is the real essence, that here is the constructive form of costing. There is no drive to forward thinking in this book. Management is planning ahead (not always scientifically) and if the cost accountant has the habit of thinking forward he may grow to be part of management. So long as he thinks



backward he remains part of the overhead.

Perhaps the authors would reply that a young man should get from his personal contacts zest for his work, a view of its place in the scheme of things and capacity to look to the horizon. In a degree, yes; but his reading ought to help to the same end.

This is a book for the serious student who wants to pass his examinations and to obtain a practical knowledge of costing. It is comprehensive; the principles are made clear and well illustrated by excellent examples.

P.N.W.

**Charlesworth's Mercantile Law.** Ninth edition. Edited by Clive M. Schmitthoff, LL.D., Barrister-at-Law, and David A. Godwin Sarre, M.A., Barrister-at-Law. Pp. xliii+355. (Stevens: 21s. net.)

MANY PEOPLE FIND that in the course of their careers it is necessary to learn something about law as it is encountered in the mercantile world. Accordingly, many books have been written to cater for the special needs of these people. The subject matter is largely the sale of goods, their carriage, their insurance and their payment, and from the larger works of common law which are too vast for such a narrow approach the relevant principles are selected and duly explained. In the successful books, of which *Charlesworth* is a pre-eminent example, the student can learn what is relevant to his needs without being overburdened with all those matters making for a full knowledge of the subject. This ninth edition is the first not to be edited by the original author, and the work of the new editors is a great credit to them.

The law of contract in the last ten years has benefited from several far-reaching decisions. Because law has this constant habit of development books on the subject tend to get inadequate very quickly—so do successive editions of textbooks which make the pretence of keeping abreast of the law. So easy is it for the editor simply to add something like "but see the case of so-and-so against so-and-so," and the main work tends to be smothered with many attachments. The best tribute I can pay to the present editors of this work is that all new material has been completely digested and embodied wholesomely in the text so that it still reads as a brand new work, and footnotes which serve more to distract and confuse the student than to enlighten him are non-existent.

The editors of a book such as this are

always confronted with the great problem of what to include and what to leave out, and they are well aware of the principle that a little law is a very dangerous thing. More and more, however, hire purchase is dominating the commercial world and it did occur to me that two matters might have been dealt with a little more fully in the chapter devoted to this topic. The first concerns the case of *Shanklin Pier Ltd. v. Detol Products Ltd.* [1951] 2 K.B. 854. This case deals with such an important matter in the hire-purchase transaction that I thought that the mere statement of the principle of which the case is the authority does not really bring home its real value in many instances where the customer claims that the dealer, as distinct from the hire-purchase company, has "done" him. And, secondly, I think that the question of penalties which is adequately dealt with on page 89 could receive further attention in the hire-purchase section, since these days the question is often cropping up as more and more hirers default in payments and more and more owners seek to claim under depreciation clauses of hire-purchase agreements.

In conclusion let me say that a lecturer can do no better than base his lectures on this book and elaborate the principles in the light of the cases cited. Would that all textbooks were as excellent and useful as this one!

J.S.O.

**Elements of Auditing.** By R. Glynne Williams, F.C.A., F.T.L.I. Eleventh edition. Pp. viii+322. (Donnington Press and Cassell: 17s. 6d. net.)

THE FACT THAT an eleventh edition of this book has now been published speaks well for its popularity with the students and junior audit clerks for whom the author in his preface says it is intended.

This popularity in itself should disarm criticism, but the effort to attain readability would appear to have been achieved at the expense of a certain amount of diffuseness and repetition—which, for the student in the early stages of his career when lack of knowledge is often a bar to discrimination, is to be regretted.

It is the same objective of readability which is perhaps responsible for the paraphrasing of certain Sections of the Companies Act, 1948, with all the inherent dangers of pursuing such a course. For example, does the Eighth Schedule require to be stated "the aggregate amount provided or written off for depreciation with the date of acquisition or valuation, as the case may

be (as the author says on page 130)? A formidable task indeed if this is correct! The draftsmanship of the Eighth Schedule is already so concise that it seems a pity not to have reproduced the wording of the relevant paragraphs unchanged and to have followed it by any explanatory comment thought necessary.

However, there is obviously a great deal of learning and experience distilled into the pages of this book and certainly the author knows very well, particularly from his work as a teacher, the requirements of an audit clerk in the initial period of his training.

The volume is excellently produced and the index, where tested, left nothing to be desired.

R.D.R.B.

## Books Received

**Arithmetic and Accounts.** By Norman Rogers, M.COM., and Reginald W. Walls, B.SC., B.COM., A.C.C.A. Third edition. Pp. viii+208. (Pitman: 8s. net.)

**Report on Farming, 1958/59.** A Study of Production and Profits in the Eastern Counties with an Advisory Supplement and Efficiency Standards. By P. G. James. Farm Economics Branch Report No. 50. Pp. 37. (University of Cambridge, School of Agriculture: 3s. 6d. post free.)

**Hanson's Death Duties.** Fourth cumulative supplement to the tenth edition. By Henry E. Smith, LL.B. (formerly Assistant Controller of Death Duties), assisted by P. H. Fletcher, LL.B., Barrister-at-Law, of the Estate Duty Office. Pp. xii+157. (Sweet & Maxwell: £1 1s., post paid.)

The book was reviewed in ACCOUNTANCY for November, 1956 (page 461).

**The Directory of Opportunities for Qualified Men, 1960.** Pp. 128. (Cornmarket Press: 8s. 6d. net.)

See review of this and companion publications (*Directory of Opportunities for Graduates* and *Directory of Opportunities for School Leavers*) in ACCOUNTANCY for April, 1959, page 221.

**The Post-War Taxation of Canadian Co-operatives.** By R. Craig McIvor. Canadian Tax Papers No. 17. Pp. iv+78. (Canadian Tax Foundation, 154 University Avenue, Toronto, 1: \$2 post free.)

**Advice to a Girl on Starting Work.** By Phyllis Fraser. Pp. 9. (Industrial Welfare Society, 48 Bryanston Square, London, W.1: 9d. net.)

**Second (1959) Supplement to Irish Income Tax and Corporation Profits Tax.** By H. A. R. J. Wilson, F.C.A., and F. N. Kelly, B.A., M.COM., F.C.A. Pp. 47. (H.F.L. (Publishers) Ltd.: 10s. net.)



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# The Student's Columns

## DOUBLE-ENTRY COST ACCOUNTING

COST ACCOUNTING IS basically the process of recording cost, accounting for it and furnishing information about it. The information is generally related to processes and departments, and to provide it much analysis has to be done, involving the preparation of detailed statements. These statements are often used in making managerial decisions. It is essential for them to be accurate, and their accuracy can be established by regular reconciliation with the financial books. To allow the reconciliation to be made it is frequently necessary to have a complete set of books for the costing department, kept on double-entry principles. The bookkeeping entries are based on the very same original documents as are the entries in the financial books—a factor which obviously facilitates speedy and regular reconciliation. It must, however, be emphasised that none of the entries in the costing books can possibly be posted to any of the financial ledger accounts: they can be posted only to costing ledger accounts. That is to say, the costing bookkeeping system is completely self-contained. But like the financial book system it should provide the material which, summarised, will give a periodical profit and loss statement.

It may be observed that the reconciliation of cost and financial results can also be achieved by integrating the financial and cost accounts into one set of accounts. An obvious advantage of integrated accounts is the avoidance of duplication in analysis and clerical effort. In this article we shall not deal with the integrated system.

In the double-entry system of cost recording, there are a number of books of original entry containing intermediate records for posting to the cost ledgers. These books hold details of materials received and issued to production, wages analysis, direct expenses, overhead expenses summaries, and so on. The ledgers are:

- (a) the cost ledger or impersonal ledger of the costing department;
- (b) the stores or materials ledger;
- (c) the job ledger;
- (d) the stock ledger.

Costing is concerned with the destination and results of expenditure on labour, materials and expenses. Accounts of debtors and creditors are therefore out of place, but, as expenditure originates with personal accounts and sales are eventually charged to persons, an account is used to serve as a personal account in the

cost ledger so as to complete the double entry. Only one account is required—in effect, the cost ledger houses a summary or a total of numerous more detailed accounts kept outside the cost ledger proper. The main or “capital” account of the costing system is the *financial ledger control account*. It is credited with items of expenditure posted from the appropriate books of original entry in detail to the debit of the relevant expense accounts in the cost ledger. When goods are sold or any other transaction takes place necessitating a debit to a personal account in the financial books, the financial ledger control account is debited.

The *stores ledger control account* contains all stores transactions and its balance gives the total value of stores in hand at any given time.

The *job ledger control account* gives the jobs in progress at any time. It shows the total of work-in-progress, the details of which are made up of the balances on the individual job accounts in the job ledger.

The *stock ledger control account* gives the total value of finished stock on hand; the details are to be found in the various stock accounts in the stock ledger.

The subsidiary ledgers—namely the materials, job and stock ledgers—will agree in total with the relative control accounts in the main cost ledger. Thus, a final balance can be taken out for the cost ledger: it will contain the totals of all the other ledgers. When a sale takes place, a cost of sales account is debited with the cost of the goods and also the costs of selling and distribution attributable to the sale. The total sales for the period are credited to this account and debited to the financial ledger control account which, as previously stated, is an account taking the place of the personal accounts of debtors and creditors; the balance on the cost of sales account represents the total profit or loss for the period and is transferred to the costing profit and loss account. This final basic account also contains the balance of expenses which have been under-allocated or over-allocated during the period and the resultant balance is finally transferred to the financial ledger control account, the “capital” account of the costing department.

There will be a number of reasons why the agreement between the cost and financial accounts will not be complete, however accurately the intermediate records have been made. In cost accounting, the overheads are often



charged on an appropriate basis, whereas the financial accounts show the actual expenses. Certain items—for example, appropriations, taxation, interest (very frequently), extraneous profits and losses—appear in the financial accounts only; on the other hand, the reverse situation may occur—for example, interest on capital may be charged in production, although in fact none is paid. There may also be differences in the basis of valuation of stocks for financial and cost purposes. However, if the factors responsible for the failure of the cost and financial accounts to reconcile are ascertained, the accuracy of the costing records can be definitively checked.

In a recent examination question, the following conventional revenue account was given, together with an analysis of stock, wages, purchases and so on. The candidate was required to draw up a costing profit and loss account for submission to the management.

Stock .. ..	£ 3,000	Sales .. ..	£ 6,500
Purchases .. ..	4,100	Stock .. ..	4,000
Wages .. ..	2,000		
Factory expenses .. ..	90		
	<u>9,190</u>		
Gross profit .. ..	1,310		
	<u>10,500</u>		<u>10,500</u>
Salaries .. ..	400	Gross profit .. ..	£ 1,310
Rent and rates .. ..	200	Rent .. ..	300
Selling expenses .. ..	280	Dividend (gross) .. ..	1,000
Administration expenses .. ..	210		
	<u>1,090</u>		
Net profit .. ..	1,520		
	<u>2,610</u>		<u>2,610</u>

## 1. Stocks

	Opening £	Closing £
Manufactured goods ..	1,200	1,000
Purchased goods ..	700	2,200
Raw material .. ..	1,100	800
	<u>3,000</u>	<u>4,000</u>

## 2. Purchases

	£
Finished goods .. ..	2,700
Raw materials .. ..	1,400
	<u>4,100</u>

## 3. Wages

	£
Direct .. ..	1,500
Indirect (factory) .. ..	400
Sales clerical .. ..	100
	<u>2,000</u>

## 4. Salaries

	£
Factory supervision .. ..	110
Selling .. ..	200
Administration .. ..	90
	<u>400</u>

## 5. Rent and Rates

	£
Factory .. ..	100
Sales office .. ..	20
Property let .. ..	80
	<u>200</u>

## 6. Sales

	£
Manufactured 1,500 at £1 each	1,500
Purchased 5,000 at £1 each ..	5,000
	<u>6,500</u>

(a) Purchased goods cost 16s. each and goods manufactured by the company are valued at this figure.

(b) Two-thirds of the administration expense is to be charged to the factory and one-third to sales.

The costing profit and loss account will read:

Sales .. ..	£ 6,500
Cost of sales .. ..	5,200
	<u>1,300</u>
Standard profit .. ..	1,300
Less excess manufacturing cost .. ..	300
	<u>1,000</u>
Selling expenses .. ..	700
	<u>300</u>
Trading profit .. ..	300
Income .. ..	
Rent .. ..	300
Less rates, etc. .. ..	80
	<u>220</u>
Dividend .. ..	1,000
	<u>1,520</u>
Net profit .. ..	£1,520

## Notes:

1. The cost of sales is arrived at thus:

## (a) Manufactured

	Quantity	£
Opening stock .. ..	1,500	1,200
Standard cost .. ..	4,750	3,800
	<u>6,250</u>	<u>5,000</u>
Closing stock .. ..	1,250	1,000
	<u>5,000</u>	<u>4,000</u>

## (b) Purchased goods

	Quantity	£
Opening stock .. ..	875	700
Standard cost .. ..	3,375	2,700
	<u>4,250</u>	<u>3,400</u>
Closing stock .. ..	2,750	2,200
	<u>1,500</u>	<u>1,200</u>

2. The cost of the manufactured goods is arrived at as follows:

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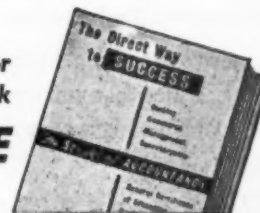
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In the four years that have passed since the last edition of this book was published some legislation and many decisions have set or settled problems of varied interest. This work has been brought right up to date and much of it has been revised or rearranged. It is a refreshing book, modern in its viewpoint, vigorous in its style and with copious illustrations which explain how the law works in practice.

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	1,700
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Indirect expenses:	
Wages .. .. .	400
Supervision: salaries .. .. .	110
administration (2/3) .. .. .	60
Factory expenses .. .. .	90
Administration (2/3) .. .. .	140
Rent .. .. .	100
	<hr/>
	900
	<hr/>
Factory cost .. .. .	4,100
Standard cost of 4,750 units at 16s. .. .. .	3,800
	<hr/>
Excess cost .. .. .	300
	<hr/>

3. As outside purchases are made at 16s. per article, this figure has been taken as a standard with which to compare internal costs of production and so to ascertain the profitability or otherwise of purchasing from outside suppliers.

4. The selling expenses are arrived at as under:

	£
Selling expenses .. .. .	280
Administration expenses .. .. .	210
Administration sales .. .. .	90
	<hr/>
	1/3 × 300
	<hr/>
	100
Clerical wages .. .. .	100
Salaries .. .. .	200
Rent .. .. .	20
	<hr/>
	700
	<hr/>

5. Financial items such as rent and dividends have been included for the purposes of reconciliation with the financial accounts.

## “WHOLLY AND EXCLUSIVELY”

IN ADJUSTING PROFIT and loss accounts for income tax purposes, many disputes arise under the provision that in computing the amount of profits no sum is to be deducted in respect of any disbursements or expenses not laid out or expended wholly and exclusively for the purposes of the trade, profession or vocation.

It must be remembered that a payment may quite properly be made by a person (individual, partner or company) in respect of the business, yet be not laid out wholly and exclusively for the purposes of the trade, profession or vocation. For example, it is a matter for the shareholders with votes to limit directors' remuneration if they wish; none the less, the remuneration may not all be a proper charge in computing profits. The point was aptly put by Lawrence, J., in his judgment in *Copeman v. Wm. Flood & Sons* (1940) in the course of which he said:

I think it is perfectly true that the Commissioners cannot interfere with the prerogative of the company to pay its directors whatever they think fit, but they can find in a proper case that sums so paid are not wholly and exclusively laid out for the purposes of the trade. . . . The only tribunal that can interfere with the company's prerogative to pay such sums as they choose to the directors is the Court of (Queen's) Bench in an appropriate case. But that has nothing to do with the Commissioners. The Commissioners have nothing to do with

the interior economy of the company as a company; they have solely got to see whether, in making up proper income tax accounts, the sums which are to be deducted are sums which are permitted by the Income Tax Act . . .

In the case in question, the shareholders were all members of one family, and £2,600 each was paid to the directors, resulting in a loss of about £300. One director was a son aged between 23 and 24, another a daughter aged 17 or 18 who had just left school. The Inland Revenue thought £350 and £78 for these two directors respectively would be adequate remuneration having regard to their duties. The case was remitted to the Commissioners (who had found that they could not interfere with the prerogative of the company) to find if these sums were reasonable and the result is not available, but the principle is clear. It is also important to note that the Commissioners were directed by the judgment to find whether the remuneration in question was wholly and exclusively paid for the purposes of the trade, and, if not, how much of it was so paid. The remuneration of any employee is in the same category.

The phrase “wholly and exclusively” therefore does not mean that a sum caught by it must be wholly disallowed; if the whole does not qualify, part may.

Legal and accountancy fees in connection with an appeal (even if successful) against an income tax assessment are not laid out wholly and exclusively for the

purposes of the trade. The grounds for this decision by the House of Lords (by a majority of three to two) is that the tax computation is not directly associated with the carrying on of the business (*Smith's Potato Estates v. Bolland*, 1948).

It is important to notice that the word "necessarily" is not included in the phrase "wholly and exclusively" (as it is under Schedule E). The fact that expenditure is necessary to enable profits to be earned is inconclusive in establishing its admissibility as a deduction; it may be capital expenditure—for example, on the acquisition of an asset. But replacement of assets may be revenue expenditure where capital allowances have not been claimed.

The nature of the expenditure will differ according to the business—for example, a person dealing in motor cars will charge his purchases to revenue, whereas a person buying a motor car for use in his business incurs a

capital expense. A circus proprietor can deduct the expenses of moving from town to town, but nobody is entitled to deduct the expenses of travelling between home and business: the distinction here should be obvious.

Confused thinking is common about repairs to premises. If the premises are used for the purposes of the business, their repair is an expense wholly and exclusively incurred and properly deductible so long as the repairs are incurred through occupation for the business. Only repairs not allowable as such a deduction need be taken into a maintenance claim under Schedule A—for example, repairs which arose out of the use of the premises by a former occupier and were necessary to put them into a fit state for occupation.

Any doubtful expense therefore needs careful examination to decide whether (or to what extent) it is laid out wholly and exclusively for the purposes of the trade.

## Notices

The Accountants' Christian Fellowship will hold a meeting on March 29 at 6 p.m. in the Oak Hall of the Institute of Chartered Accountants in England and Wales. Mr. W. S. Loynes (H.M. Inspector of Taxes) will speak on "Are we Missing the Mark?" The monthly meeting for Bible reading and prayer will be at 6 p.m. on April 4, in the vestry of St. Mary Woolnoth Church, London, E.C.3. The scripture for reading and thought will be 1 Timothy, vi, verses 11 to 16 (the commandment of a holy life).

De La Rue Bull Machines announce that they are now marketing in this country **electronic data processing equipment** to deal swiftly and automatically with all the invoicing, stock control, branch accounts, suppliers' accounts and payroll calculations of chain store organisations. In less than eight hours 30,000 invoice lines and 6,000 consignment note lines can be printed and revised stock positions automatically shown with an indication of articles to be re-ordered. For a chain store organisation with 500 branches dealing in 4,000 stock items through six main departments, a complete De La Rue Bull installation would consist of a magnetic reader, a magnetic drum, an electronic calculator and a high-speed printing tabulator. For a smaller chain store organisation the system would be less elaborate.

The University of Durham is holding its sixth residential course in **business administration** from September 11 to 24 next at Lumley Castle, Chester-le-Street. There will be a lecture course by members of the university staff on problems of decision-

making in business; lectures on operational research by specialists; case studies; exercises in report writing and public speaking; consideration of problems of industrial relations; and lectures, some on the finance of industry, by distinguished outside speakers. The fee, including board residence, is £60 for the fortnight.

**Credit Card Facilities Ltd.**, 7 Fitzroy Square, London, W.1, announces a new plan for gift certificates. These come in denominations ranging from ten shillings to five guineas and give a much wider choice of rewards in incentive schemes. They are supplied in a presentation wallet containing a list of over 2,000 shops, stores and miscellaneous services (for example, theatre tickets, restaurant meals, holiday travel and accommodation) for which they may be used. There is no charge for either certificates or wallets.

T.S. (Office Equipment) Ltd. claims that its new "**QUICK**" **Adding Machine**, which weighs only 8 lbs. and can easily be slipped into a briefcase, is indispensable to the travelling accountant or auditor. The capacity of this sturdy machine is £999,999 19s. 11d. (a decimal model is also available) and it sells at £45.

A second **Business Computer Symposium** is to be held at Olympia at the same time as the second **Electronic Computer Exhibition** from October 4 to 12, 1961. Visitors will also be able to inspect computers and ancillary equipment at the Business Efficiency Exhibition to be held at Olympia concurrently.

**Executive Courses on the Automatic Office**, held by **Leo Computers**, start on April 4 and June 13, each for one week. Although based

on **Leo Computers** for the actual case work, they will supply an introduction to data processing in general, dealing with such subjects as which jobs are suitable for a computer and whether it is better to buy one or to hire time, the economics of data processing and the selection and training of staff. No previous knowledge is called for, and technicalities will be kept to a minimum. The fee is twenty-five guineas, and full particulars are available from Mr. R. P. Gibson, **Leo Computers Ltd.**, Hartree House, 151A Queensway, London, W.2.

From April 25 to April 30 the **Fourth Production Exhibition**, which is concerned with progress in industrial techniques, will be held at Olympia, London. Particulars can be obtained from the Production Exhibition, 11 Manchester Square, W.1. At the same time, also at Olympia, the British Productivity Council will be sponsoring a conference on **Productivity: Men and Methods**, at which teams of specialists will present papers on eight subjects, including variety reduction and organising for cost reduction.

A Type 1202 computer on which time can be hired has just been installed at their Birmingham office (Wolverley House, 18 Digbeth, Birmingham, 5; Tel.: Midland 1812) by International Computers and Tabulators Ltd. (I.C.T.). This **Midland Data Processing Bureau** should be of particular interest to concerns with not enough suitable work to justify purchase of a computer or wishing to have practical experience first. The charge is £25 an hour, including the services of a machine operator, with an additional charge of £2 per hour for a programmer, if required. Open-day demonstrations will be staged over the next few weeks. I.C.T. plans to instal computers in its bureaux in many other towns.



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# The Institute of Chartered Accountants in England and Wales

## Meetings of the Council

AT SPECIAL AND ordinary meetings of the Council held on Wednesday, March 2, 1960, at the Hall of the Institute, Moorgate Place, London, E.C.2, there were present: Mr. C. U. Peat, M.C., President, in the chair; Mr. S. J. Pears, Vice-President; Mr. J. Ainsworth, C.B.E., Mr. E. Baldry, O.B.E., Mr. C. Percy Barrowcliff, Mr. W. L. Barrows, Mr. J. H. Bell, Mr. H. A. Benson, C.B.E., Mr. P. F. Carpenter, Sir William Carrington, Mr. G. T. E. Chamberlain, Mr. D. A. Clarke, Mr. J. Clayton, Mr. C. Croxton-Smith, Mr. W. G. Densem, Mr. S. Dixon, Mr. W. W. Fea, Sir Harold Gillett, M.C., Mr. J. Godfrey, Mr. G. G. G. Gault, Mr. L. C. Hawkins, Mr. J. S. Heaton, Sir Harold Howitt, G.B.E., D.S.O., M.C., Mr. P. D. Irons, Mr. J. A. Jackson, Mr. H. O. Johnson, Mr. W. H. Lawson, C.B.E., Mr. H. L. Layton, Mr. R. B. Leech, M.B.E., Mr. R. McNeil, Mr. J. H. Mann, M.B.E., Mr. Bertram Nelson, C.B.E., Mr. F. E. Price, Mr. P. V. Roberts, Mr. L. W. Robson, Sir Thomas Robson, M.B.E., Mr. G. F. Saunders, Mr. K. G. Shuttleworth, Mr. C. M. Strachan, O.B.E., Mr. J. E. Talbot, Mr. A. D. Walker, Mr. A. H. Walton, Mr. V. Walton, Mr. M. Wheatley Jones, Mr. E. F. G. Whinney, Mr. J. C. Montgomery Williams, Mr. R. P. Winter, C.B.E., M.C., and Sir Richard Yeabsley, C.B.E.

### Election to the Council

Mr. David Steele, F.C.A., Bradford, was elected a member of the Council to fill the vacancy caused by the resignation of Mr. E. Duncan Taylor, F.C.A.

### Appointment to Committee

Mr. J. C. Montgomery Williams was appointed to serve on the Investigation Committee.

### Birth of a Royal Prince

It was unanimously agreed that a message of congratulation be sent to Her Majesty Queen Elizabeth II and to His Royal Highness The Prince Philip, Duke of Edinburgh, on the birth of a son.

### Banquet in Guildhall

A banquet for members of the Institute will be held in Guildhall on Friday, October 14, 1960. An invitation to apply for tickets will be issued to members in due course. If

necessary, vacancies will be allotted by ballot after a closing date to be specified. Members are requested not to communicate with the Secretary on this matter until the invitation has been issued.

### Exemption from the Preliminary Examination

Two applications under bye-law 79 for exemption from the Preliminary Examination were acceded to.

### Exemption from the Intermediate Examination

One application under bye-law 85 (b) for exemption from the Intermediate Examination was acceded to. One application was refused.

### Reduction in Period of Service under Articles

Two applications under bye-law 61 for a reduction in the period of service under articles were acceded to.

### Registration of Articles

The Secretary reported the registration of 286 articles of clerkship during the last month, the total number since January 1, 1960, being 485.

### Admissions to Membership

The following were admitted to membership of the Institute:

ACKERMAN, MAURICE; A.C.A., 1960; 124 Northwold Road, Clapton, London, E.5.  
ADAMS, GERALD JOSEPH; A.C.A., 1960; 16 Colebrook Road, Shirley, Solihull, Warwick.  
ADDISON, RONALD; A.C.A., 1960; 38 Calvert Lane, Hull.  
AGUTTER, IAN HARVEY; A.C.A., 1960; 71 Station Road, West Wickham, Kent.  
§ALALADE, EVANS DURODOLA; A.S.A.A., 1960; University College Hospital, Ibadan, Nigeria.  
ALLANSON, KENNETH; A.C.A., 1960; 3 Woodbine Crescent, Stockport, Cheshire.  
ALLEN, BARRY; A.C.A., 1960; "Greenways," West End Avenue, West Auckland, Bishop Auckland, Co. Durham.  
ALLEN, NICHOLAS CHATTERTON; A.C.A., 1960; Avon View Cottage, Burwalls Road, Leigh Woods, Bristol.  
ALLEN, TREVOR FREDERICK; A.C.A., 1960; 227 Court Lane, Erdington, Birmingham, 23.  
ALLMAN, GEORGE ERNEST; A.C.A., 1960; 15 Wythenshawe Road, Northenden, Wythenshawe, Manchester, 22.

ALLSOPP, RICHARD MALCOLM; A.C.A., 1960; 36 Arundel Avenue, Treeton, near Rotherham.  
ALLTON, CHRISTOPHER PAUL WESTOBY; A.C.A., 1960; 11 Manor Park, Ruddington, Nottingham.  
AMAN, ANTHONY JOHN, B.A.; A.C.A., 1960; c/o Oxford and Cambridge Club, Pall Mall, London, S.W.1.  
§ANDERSON, ARIEL GEORGE VERNON; A.S.A.A., 1960; 51 Briley Court, Jager Street, Hillbrow, Johannesburg, S. Africa.  
ANDRESS, WILLIAM GRAHAM; A.C.A., 1960; 3 Surrinden Road, Brighton, 6.  
ANSELL, DAVID THOMAS; A.C.A., 1960; 14 North Circular Road, Palmers Green, London, N.13.  
ANTHONEY, ALAN; A.C.A., 1960; 53 Craigwell Crescent, Stockton-on-Tees, Co. Durham.  
APPLEYARD, BRIAN WALMSLEY, A.C.A., 1960; "Little Dean," Smithills Dean Road, Bolton.  
ARMSTRONG, ALAN VINCENT; A.C.A., 1960; 8 Heath Hurst Road, London, N.W.3.  
ASCOTT, GEOFFREY JOHN; A.C.A., 1960; 48 Parkside Way, North Harrow, Middlesex.  
ASHBY, ANTHONY JAMES; A.C.A., 1960; 22 Sandringham Road, Southend-on-Sea, Essex.  
ASHWORTH, JOHN STUART; A.C.A., 1960; 406 Rossendale Road, Burnley.  
ASHWORTH, SIMON HOLMES; A.C.A., 1960; The Cottage, Shotesham, Norwich, Norfolk.  
ATHERTON, MICHAEL JOHN; A.C.A., 1960; 9 Catherine Road, Surbiton, Surrey.  
ATKINSON, JOHN WILSON; A.C.A., 1960; with Oakley, Wederill, Crouch & Co., 9 Devereux Court, Strand, London, W.C.2.  
ATTWOOD, HERBERT GORDON; A.C.A., 1960; 29 Cranmore Road, Chislehurst, Kent.  
AUSTIN, BRIAN WILLIAM, A.C.A., 1960; 48 Upper Kent Street, Leicester.  
AUSTIN, ERIC DUDLEY, A.C.A., 1960; 17 Earls Court Road, Penylan, Cardiff.  
BACON, CHARLES PHILLIP, A.C.A., 1960; 3 Staindrop Crescent, Darlington.  
BAILEY, DAVID MALCOLM GRAHAM; A.C.A., 1960; 7 Lansdowne Crescent, London, W.11.  
BAINBRIDGE, ROBERT JOHN; A.C.A., 1960; 33 Meadow Bank Avenue, Sheffield, 7.  
BAIRD, COLIN WILLIAM GRAHAM, M.A.; A.C.A., 1960; 26 Bramham Gardens, Earls Court, London, S.W.5.  
BAJARIA, CHANDRASINH HANSRAJ; A.C.A., 1960; P.O. Box 656, Dar-es-Salaam, Tanganyika, East Africa.  
BAKER, LAURENCE; A.C.A., 1960; 35 Cranmer Road, Edgware, Middlesex.  
BALDWIN, DAVID HENRY; A.C.A., 1960; 14 Montefiore Road, Hove, 4, Sussex.  
BALLARD, PETER CHARLES; A.C.A., 1960; Maxey House, Castle Hill, Duffield, Derbyshire.  
BANKES, PETER DEREK; A.C.A., 1960; 5 Manston Grove, Cross Gates, Leeds, 15.  
BARKER, JOHN; A.C.A., 1960; 53 Ashfield Road, Gosforth, Newcastle upon Tyne, 3.  
BARNES, DAVID CHARLES ENWRIGHT; A.C.A., 1960; "Glengarriff," Hursley Hill, Whitchurch, Bristol.  
BARNES, EDWARD CALLISTER MACHEN, A.C.A., 1960; 7 Albany Road, St. Leonards-on-Sea.

- BARRATT, ERIC GEORGE; A.C.A., 1960; "Gable House," Marlow Road, Stokenchurch, Bucks.
- BARTON, BRIAN HENRY; A.C.A., 1960; 4 St. James Close, Whetstone, London, N.20.
- BASTIN, CLIVE DAVID; A.C.A., 1960; 16 Coolhurst Road, Crouch End, London, N.8.
- §BASU, RAGHABENDRA NATH; A.S.A.A., 1960; 48 Belsize Park, London, N.W.3.
- BATES, DAVID JOHN; A.C.A., 1960; 16 Sun Street, Stanningley, Pudsey, Yorks.
- BATESON, ROBIN TREVOR; A.C.A., 1960; 5 Duchy Road, Hadley Wood, Barnet, Herts.
- BATTEN, NOEL HAYDN; A.C.A., 1960; 24c Hornby Road, Bootle, 20, Lancs.
- BAYBUT, LEONARD JOHN; A.C.A., 1960; 61A, Ravensbourne Road, Bromley, Kent.
- BEARDMORE-GRAY, JOHN DUNCAN INVERNAIN, M.A.; A.C.A., 1960; Ambarrow Farm, Sandhurst, Camberley, Surrey.
- BEATTIE, ARTHUR; A.C.A., 1960; "Greengate," Long Preston, Skipton, Yorks.
- BEETON, DAVID FREDERICK; A.C.A., 1960; 6 Winchelsey Rise, South Croydon, Surrey.
- BELL, NORMAN WILLIAM; A.C.A., 1960; 87 Scott Hall Grove, Scott Hall Road, Leeds, 7.
- BENNETT, DEREK CLINTON; A.C.A., 1960; 8 York Road, Birmingham, 14.
- BENNETT, RONALD WALLACE, A.C.A., 1960; 227 Ralph Road, Shirley, Solihull, Warwicks.
- §BENSON, WILLIAM; A.S.A.A., 1960; 58 Cliff Road, Fairfield, Buxton, Derbyshire.
- BERLYN, GERALD; A.C.A., 1960; 2 Kingshold Road, Hackney, London, E.9.
- BERRY, JOHN ALEXANDER; A.C.A., 1960; 178 Thorne Road, Doncaster.
- BERRY, JOHN RUSSELL WHITEWAY; A.C.A., 1960; 194 Sutherland Avenue, Welling, Kent.
- BERRY, MICHAEL FRANCIS; A.C.A., 1960; 43 D'Eyncourt Road, Wednesfield, Staffs.
- BETESH, DANIEL JOSEPH; A.C.A., 1960; 7 Cranmer Road, Didsbury, Manchester, 20.
- BEYNON, RAYMOND JOHN; A.C.A., 1960; "Oaklea," Llangennith, Swansea, Glam.
- BHAROOCHA, MOHAMED HASHIM; A.C.A., 1960; 50 Evelyn Gardens, London, S.W.7.
- BIRCH, CHRISTOPHER CHARLES; A.C.A., 1960; Cheddleton Heath, Leek, Staffs.
- BIRD, GEOFFREY PAULIN; A.C.A., 1960; 12 Hove Park Way, Hove, 4, Sussex.
- BIRNIE, JAMES TULLIDEPH; A.C.A., 1960; 42 Hurst Park Avenue, Cambridge.
- BLAKE, RICHARD JOHN BOWDEN; A.C.A., 1960; Stanmore, Pennymead Rise, East Horsley, Surrey.
- BLAND, DEREK ALBERT; A.C.A., 1960; Danehurst, Rectory Road, Basildon, Essex.
- BLEE, MICHAEL ANTHONY; A.C.A., 1960; 118 Penhill Road, Bexley, Kent.
- BLOW, DENIS STEPHEN; A.C.A., 1960; 97 Laceby Road, Grimsby.
- BLUMENTHAL, LIONEL, B.A.; A.C.A., 1960; Garden Flat, 10 Belsize Park, London, N.W.3.
- BOLDRON, DENNIS; A.C.A., 1960; 236 Fossway, Walkergate, Newcastle upon Tyne, 6.
- BOLGER, MICHAEL ANTHONY; A.C.A., 1960; 8 Hoodcote Gardens, Winchmore Hill, London, N.21.
- BOLLARD, JOHN HERBERT; A.C.A., 1960; 192 Normandy Road, Handsworth, Birmingham, 20.
- BONE, MICHAEL JOHN STUART; A.C.A., 1960; Sandiford, Maxwell Road, Northwood, Middx.
- BOREHAM, JOHN STOKES; A.C.A., 1960; 16 Old Lodge Lane, Purley, Surrey.
- BOWDEN, PHILIP JOHN; A.C.A., 1960; 89 Harborne Road, Edgbaston, Birmingham, 15.
- BOXHALL, RICHARD CHARLES; A.C.A., 1960; Wardes, Otham, Maidstone, Kent.
- BRAID, MICHAEL JAMES; A.C.A., 1960; "Dene Leigh," Walshaw Avenue, Colwyn Bay.
- BRAMLEY, BARRY DAVID; A.C.A., 1960; Rose Heath, Halewood, near Liverpool.
- BRANCH, HENRY CHRISTOPHER, B.COM.; A.C.A., 1960; 1 Stanley Villas, Runcorn, Cheshire.
- BRAND, RONALD ARTHUR HARRY; A.C.A., 1960; 79 Frinton Road, East Ham, London, E.6.
- BREAKELL, ROBERT MALCOLM; A.C.A., 1960; Chiltern, Maltmans Lane, Gerrards Cross, Bucks.
- BRIERLEY, KENNETH JAMES; A.C.A., 1960; 244 St. David's Road North, St. Annes-on-Sea, Lancs.
- BRITTAIN, ROBERT ALAN; A.C.A., 1960; 22 Windsor Road, Halesowen, Birmingham.
- BROCK, COLIN LESLIE; A.C.A., 1960; 1 Kingsway, Chandlers Ford, Eastleigh, Hants.
- BROMFIELD, ALLAN; A.C.A., 1960; 18 Orchard Road, Anlaby Park Road North, Hull, E. Yorks.
- BROOKS, BRIAN JOHN; A.C.A., 1960; "Hill View," Ash Terrace, Ashmore Green, near Newbury, Berks.
- BROOKS, ROY SELWYN; A.C.A., 1960; Shortlands, Downside Road, Guildford, Surrey.
- BROUCHER, (MISS) CARYL; A.C.A., 1960; 31 Baron Road, Penarth, Glam.
- BROWN, ALAN LESLIE; A.C.A., 1960; 119 Mawdon Road, Cambridge.
- BROWN, CYRIL HENRY, B.A.; A.C.A., 1960; 22 Ruskin Drive, Worcester Park, Surrey.
- BROWN, MALCOLM STEWART; A.C.A., 1960; 12 Purlwell Hall Road, Mount Pleasant, Batley, Yorks.
- BROWNE, ALLAN; A.C.A., 1960; 4 South Grove, Alderley Edge, Cheshire.
- BRUNTON, TREVOR ERNEST; A.C.A., 1960; 9 Airlie Street, Boulevard, Hull.
- BRYANT, MICHAEL JOHN; A.C.A., 1960; 1 Townsend Avenue, Southgate, London, N.14.
- BRYANT, PETER DAVID; A.C.A., 1960; 30 Nash House, Churchill Gardens, London, S.W.1.
- BUCHAN, KEITH BENNETT; A.C.A., 1960; Inchbrakie, The Chase, Kingswood, Tadworth, Surrey.
- BUCKLEY, PATRICK DENIS; A.C.A., 1960; 11 May Grove, Levenshulme, Manchester, 19.
- BUCKLEY, STANLEY; A.C.A., 1960; 38 Sandringham Avenue, Thornton, near Blackpool.
- BUDD, JOHN DEREK; A.C.A., 1960; 80 Selbourne Avenue, Tolworth, Surrey.
- BUNTING, MARTIN BRIAN; A.C.A., 1960; 12F Observatory Gardens, London, W.8.
- BURCH, PETER JOHN; A.C.A., 1960; 12 Colburn Avenue, Caterham, Surrey.
- BURDETT, JOHN; A.C.A., 1960; 20 Cottage, Thornby, Northampton.
- BURKE, CLAUS PETER, B.SC. (ECON.); A.C.A., 1960; 42 Heathcote Road, St. Margarets, Middx.
- BURNDRED, GEORGE WILLIAM; A.C.A., 1960; 4 Orchard Close, Earls Croome, Worcester.
- BUTCHER, DAVID JOHN; A.C.A., 1960; 7 Stalmine Avenue, Heald Green, Cheadle, Cheshire.
- BUTTERWORTH, NICHOLAS; A.C.A., 1960; Summerhill, Cokes Lane, Chalfont St. Giles, Bucks.
- BYRNE, ANTHONY FREDERICK; A.C.A., 1960; 76 Jackson House, Quarry Hill Flats, Leeds, 9.
- CADMAN, PETER HENRY BROADBENT, B.A.; A.C.A., 1960; Stoneacre, Streetly Wood, near Sutton Coldfield, Warwicks.
- CAMPBELL, JOHN; A.C.A., 1960; The Channings, Wargrave, Berks.
- CARMONT, JOHN McLAREN; A.C.A., 1960; 11 Greyfriars Drive, Penwortham, Preston.
- CARPENTER, DAVID RONALD, B.SC. (ECON.); A.C.A., 1960; 28 Queen's Gate, Bramhall, Stockport.
- CARRATU, ANTHONY DOMENICK JOHN; A.C.A., 1960; 34 Mowbray Road, Brondesbury, London, N.W.6.
- CARTER, DOUGLAS JAMES; A.C.A., 1960; Sunny Bank, Sandy Lane, Newcastle, Staffs.
- CARTER, JOHN PHILIP; A.C.A., 1960; "Windrush," 18 Arundel Road, Newhaven, Sussex.
- CASHDAN, BASIL BENAS; A.C.A., 1960; 46 Wykeham Road, Hendon, London, N.W.4.
- CASHMORE, RICHARD; A.C.A., 1960; Farthings, Roman Road, Little Aston Park, Sutton Coldfield, Warwicks.
- CHADWICK, ERIC; A.C.A., 1960; 50 Talbot Street, Burnley.
- CHALMERS, CHRISTOPHER JOHN; A.C.A., 1960; 14 Brooklands Avenue, Fulwood, Preston.
- CHANDARIA, KISHORCHANDRA MAGANLAL; A.C.A., 1960; 28 Wellesley Road, Croydon, Surrey.
- CHANEY, ERIC ARTHUR; A.C.A., 1960; 10 Tennis Street, Old Trafford, Manchester, 16.
- CHAPPELL, KENNETH, M.A.; A.C.A., 1960; 42 Florence Road, Sutton Coldfield, Warwicks.
- CHARIN, JOHN NEIL, B.SC.; A.C.A., 1960; 2 Pretoria House, Rodwell Close, Eastcote, Ruislip, Middx.
- CHARLTON, ALAN; A.C.A., 1960; 13 Rye Terrace, Hexham, Northumberland.
- CHAUDHURY, AJIT KUMAR; A.C.A., 1960; 8 Hebron Road, London, W.6.
- CHAVENTRE, ROBIN CYRIL; A.C.A., 1960; 7 Court Close, St. John's Wood Park, St. John's Wood, London, N.W.8.
- CHEETHAM, JOHN FRANCIS; A.C.A., 1960; 122 Grange Avenue, Werneth, Oldham, Lancs.
- CHESHIRE, (MISS) DAPHNE; A.C.A., 1960; 47 Girtton Avenue, Kingsbury, London, N.W.9.
- CHIAPPE, EDWARD JOHN WILLIAM; A.C.A., 1960; 2 Emblema House, Bakers Passage, Gibraltar.
- CHRISTOPHERS, SIDNEY JOHN; A.C.A., 1960; 16 Montrose Close, Welling, Kent.
- CHURCH, RAYMOND FRANK; A.C.A., 1960; 131 Nedham Street, Leicester.
- CLARK, (MISS) ANNE VALERIE; A.C.A., 1960; 27 Royal Oak Road, Quinton, Birmingham, 32.
- CLARK, HUGH JAMES SEARS; A.C.A., 1960; 14 Whitton Avenue East, Greenford, Middx.
- CLARK, ROGER JACKSON, M.A.; A.C.A., 1960; Bundys, Bolney, Sussex.
- CLARKE, EDWARD ANDREW; A.C.A., 1960; 54 Merriman Road, Blackheath, London, S.E.3.
- CLARKE, JOHN GALE; A.C.A., 1960; 91 Marlowes, Hemel Hempstead, Herts.
- CODY, RONALD JOHN; A.C.A., 1960; Fairlight, Burnley Road, London, N.W.10.
- COGHILL, ANTHONY EDWARD; A.C.A., 1960; 12 Manor Gardens, Gunnersbury, London, W.3.
- COHEN, LEONARD; A.C.A., 1960; 67 Parkholme Road, London, E.8.
- COLLINS, PETER JOHN; A.C.A., 1960; 15 Burleigh Avenue, Wigston Fields, near Leicester.
- COLLINSON, JOHN ARTHUR; A.C.A., 1960; 12 Roselands Avenue, Sale, Manchester.
- CONNETT, EDWIN ALAN; A.C.A., 1960; 520 Foundry Lane, Leeds, 9.
- CONROY, ARNOLD; A.C.A., 1960; 25 Lemsford Road, St. Albans, Herts.
- CONWAY, TERENCE JOSEPH; A.C.A., 1960; 25 Cheshire Gardens, Wallsend, Northumberland.
- COOK, ERIC; A.C.A., 1960; 27 Garthwaite Avenue, Oldham, Lancs.
- COOKSON, ANTHONY; A.C.A., 1960; 94 New Bank Road, Blackburn.
- COOPE, WILLIAM MICHAEL; A.C.A., 1960; with



- Crowther Brothers, Savings Bank Buildings, Hotel Street, Bolton.
- COOPER, RICHARD JAMES; A.C.A., 1960; 66 Ealing Road, Wembley, Middx.
- COPPERTHWAIT, DAVID JOHN; A.C.A., 1960; 59 Surrey Road, Bournemouth.
- CORNELIUS, MICHAEL, B.A.; A.C.A., 1960; 33 Montpelier Row, Twickenham, Middx.
- COTTAM, HAROLD; A.C.A., 1960; St. Peter's Rectory, Bedford.
- COUPLAND, JAMES DAVID; A.C.A., 1960; 10 West Park Road, Gateshead, 8, Co. Durham.
- COUSINS, MALCOLM CHARLES; A.C.A., 1960; 117 Springfield Park Road, Chelmsford, Essex.
- COWIN, ROBERT WILLIAM; A.C.A., 1960; 44 Royal Avenue, Onchan, Isle of Man.
- COX, GEOFFREY MICHAEL; A.C.A., 1960; 11 Anthony Way, Cippenham, Slough, Bucks.
- COX, HARRY; A.C.A., 1960; 8 Strode Road, Forest Gate, London, E.7.
- COYLE, BRYAN MELVYN EDWARD; A.C.A., 1960; 57 Boyne Road, Clive Vale, Hastings, Sussex.
- CREGEEN, EDMUND RALPH; A.C.A., 1960; 20 Halewood Close, Gateacre, Liverpool.
- CRITCHLEY, RICHARD FRANK VERDUN; A.C.A., 1960; 19 St. Michaels Road, Kingsteignton, Newton Abbot, Devon.
- CROFT, ALEC; A.C.A., 1960; 68 Hartford Avenue, Kenton, Harrow, Middx.
- CROFT, ROBIN; A.C.A., 1960; "Casa Marina," Sibden Road, Shanklin, Isle of Wight.
- CRONIN, GERALD FRANCIS, M.A.; A.C.A., 1960; 92 Leithcote Gardens, Streatham, London, S.W.16.
- CROPPER, FRANK; A.C.A., 1960; 18 Somerset Road, Droylsden, Manchester.
- CROSS, JOSEPH REGINALD; A.C.A., 1960; 17 Marius Road, Upper Tooting, London, S.W.17.
- CRUICKSHANK, JOHN ALEXANDER; A.C.A., 1960; Goodacre, St. Georges Avenue, Weybridge, Surrey.
- CRUMPTON, NEVILLE DAVID; A.C.A., 1960; Links Cottage, Belvedere Close, Bridlington, Yorks.
- CUNNELLY, CARL EDWARD; A.C.A., 1960; 11 Elmhurst Drive, Burnage, Manchester, 19.
- CUTLER, MICHAEL; A.C.A., 1960; 86 Melford Avenue, Barking, Essex.
- DALE, ALAN JAMES; A.C.A., 1960; 42 Lichfield Road, Walsall Wood, near Walsall, Staffs.
- DALE, BARRY GORDON; A.C.A., 1960; Toc H Mark 3, 9A Church Crescent, Hackney, London, E.9.
- DALE, GRAHAME JEFFRAY GOSNAY; A.C.A., 1960; 42 Station Road, Burley-in-Wharfedale, near Ilkley, Yorks.
- DALLISON, JOHN PETER; A.C.A., 1960; 6 Harrison Road, Erdington, Birmingham, 24.
- DANIEL, COLIN JAMES; A.C.A., 1960; 34 Foresters Drive, Whipps Cross, Walthamstow, London, E.17.
- DARBY, JOHN TREVOR HUDSON; A.C.A., 1960; 25 York Road, Netherton, Dudley, Worcs.
- DARNELL, EDWARD PETER GEORGE; A.C.A., 1960; 10 Holmside Court, Nightingale Lane, London, S.W.12.
- §DASTUR, JAL ERACH; A.S.A.A., 1960, 100 Lennard Road, Beckenham, Kent.
- DAVEY, IAN HARDING; A.C.A., 1960; 153 Thornbury Road, Osterley, Isleworth, Middx.
- DAVIES, ANGIE MICHAEL, M.A.; A.C.A., 1960; The Gables, Shamley Green, Surrey.
- DAVIES, ANTHONY ERNEST; A.C.A., 1960; 884 Old Lode Lane, Sheldon, Birmingham.
- DAVIES, HUGH ANTHONY; A.C.A., 1960; 11 Cedar Park, Stoke Bishop, Bristol, 9.
- DAVIES, JACK; A.C.A., 1960; 53 Curtis Road, Heaton Mersey, Stockport.
- DAVIES, JAMES WALDEN; A.C.A., 1960; 22 Chobham Road, Stratford, London, E.15.
- DAVIES, JOHN; A.C.A., 1960; "Derwenlas," Pantiago Road, Pontarduliasm Swansea.
- DAVIES, MICHAEL FRANCIS; A.C.A., 1960; 37 Montalt Road, Woodford Green, Essex.
- DAVIS, ALAN ARTHUR; A.C.A., 1960; 23 Normandy Avenue, High Barnet, Herts.
- DAWKINS, BRYAN GEORGE; A.C.A., 1960; 27 Salisbury Hall Gardens, South Chingford, London, E.4.
- DAY, KENNETH ROY; A.C.A., 1960; 12 Windermere Road, Bournemouth, Hants.
- DAY, LEONARD HENRY; A.C.A., 1960; with Barton, Mayhew & Co., Regency House, St. Helier, Jersey, C.I.
- DENNIS, GERALD WESLEY; A.C.A., 1960; 3 Hans Crescent, London, S.W.1.
- DENT, JAMES; A.C.A., 1960; 5 Rosa Street, South Shields, Co. Durham.
- DERMODY, JOHN; A.C.A., 1960; with Deloitte, Plender, Griffiths & Co., P.O. Box 60, Midland Bank Chambers, Castle Square, Swansea.
- DEXTER, DAVID ALEXANDER; A.C.A., 1960; 154 Berridge Road East, Forest Fields, Nottingham.
- DIBB, PETER JAMES; A.C.A., 1960; 34 Jackroyd Lane, Newsome, Huddersfield.
- DICK, EDWARD HARRY; A.C.A., 1960; 1A David Road, Norton, Stockton-on-Tees.
- DICKINSON, RAYMOND GEOFFREY, B.COM.; A.C.A., 1960; 43 Ordsall Road, Retford, Notts.
- DOBBING, ROY WALMSLEY; A.C.A., 1960; 191 Bebbington Road, Rock Ferry, Cheshire.
- DONOVAN, MICHAEL KEVIN; A.C.A., 1960; 12 Sandy Meade, Prestwich, Manchester.
- DOUGHERTY, EDWARD WYNN; A.C.A., 1960; 57 Holborn Road, Hylton Lane, Sunderland.
- DOUGHILL, HUGH THOMAS; A.C.A., 1960; 31 Staindrop Road, Darlington.
- DOWN, MICHAEL JEFFREY; A.C.A., 1960; Westfield House, Tickhill, Doncaster.
- DREW, JOHN FARLEY, B.A.; A.C.A., 1960; Rose Cottage, Coburg Road, Sidmouth, Devon.
- DUGGAN, BERNARD ALDRIDGE; A.C.A., 1960; 32 Balmoral Road, Fairfield, Liverpool, 6.
- DURRANT, BENJAMIN WILLIAM; A.C.A., 1960; 9 Oakfield Street, Roath, Cardiff.
- DURRANT, BRIAN GEOFFREY; A.C.A., 1960; 28 Frays Way, Uxbridge, Middx.
- DYE, MICHAEL DALZIEL; A.C.A., 1960; 1 Wirral Mount, Wallasey, Cheshire.
- EASTERBROOK, DEVEN EDWARD CYRIL; A.C.A., 1960; Golf Club House, Sidmouth, Devon.
- EASTWOOD, RICHARD GRAHAM; A.C.A., 1960; 25 Wirral Road, Northfield, Birmingham, 31.
- EDDLESTON, (Miss) EILEEN JOAN; A.C.A., 1960; 24 Rydall Road, Heaton, Bolton.
- EDEN, JOHN WILLIAM; A.C.A., 1960; with Meeson, Makinson & Co., 6A, George Street, Richmond, Surrey.
- §EKKHOUT, DAVID JOHN; A.S.A.A., 1960; with \*Deloitte, Plender, Griffiths, Annan & Co., P.O. Box 1152, Johannesburg, S. Africa.
- EDGERTON, BRIAN GERALD; A.C.A., 1960; 35 Green Ridge, Brighton.
- EDMEADES, THOMAS; A.C.A., 1960; Dimora, Hainault Avenue, Rochford, Essex.
- EGERTON, HUMPHREY RICHARD; A.C.A., 1960; 22 Dove House Lane, Solihull, Warwick.
- ELLIOT, MICHAEL; A.C.A., 1960; Flat 6, 106 Hallam Street, London, W.1.
- ELLISON, LEO JAMES; A.C.A., 1960; 33 Rectory Road, Abbey Hey, Manchester, 18.
- ELWIN, JOHN ALURED; A.C.A., 1960; 32 Central Road, West Didsbury, Manchester, 20.
- ELY, PATRICK GEORGE; A.C.A., 1960; "Myrtlebank," 10 Savill Road, Lindfield, Sussex.
- EMANUEL, JUSTIN OLABODE; A.C.A., 1960; with Binder, Hamlyn & Co., 121 Queen Victoria Street, London, E.C.4.
- EMBERSON, HENRY ARNOLD; A.C.A., 1960; Tinkers' Revel, Burwood Park, Walton-on-Thames, Surrey.
- EMSDEN, REGINALD CHRISTOPHER; A.C.A., 1960; 11 White Hart Road, Plumstead, London, S.E.18.
- EVANS, ALAN JOHN; A.C.A., 1960; Greenways, Wightwick, Wolverhampton.
- EVANS, DAVID ANTHONY; A.C.A., 1960; c/o 49 Holdenhurst Avenue, Finchley, London, N.12.
- EVANS, WILLIAM KENNETH, M.A.; A.C.A., 1960; 1 Lindfield Gardens, London, N.W.3.
- EVE, ANTHONY RICHARD WYNNIATT; A.C.A., 1960; Gill House, Brampton, Cumberland.
- EVERETT, CHRISTOPHER JOHN HUGO; A.C.A., 1960; 63A Alumhurst Road, Bournemouth West.
- EXTON, BRIAN EVERARD; A.C.A., 1960; 156 Wendover Drive, Bedford.
- FARRELL, FREDERICK THOMAS; A.C.A., 1960; Linden Cottage, Worth Park Drive, Three Bridges, Sussex.
- FARRANT, LESLIE JOHN, B.A.; A.C.A., 1960; 17 Clifton Hill, St. John's Wood, London, N.W.8.
- FAWCUS, DAVID STAFFORD, B.A.; A.C.A., 1960; Timber Lodge, Woodland Way, Kingswood, Surrey.
- FENTON, FRANK RAMSAY, B.A.; A.C.A., 1960; 15 Woodfield Way, London, N.11.
- FERGUSON, FERGUS; A.C.A., 1960; 16 Dowhills Road, Blundellsands, Liverpool, 23.
- FIELDING, MICHAEL ROBERT; A.C.A., 1960; 37 Gisburn Road, Barnoldswick, Colne, Lancs.
- FIRTH, BARRY; A.C.A., 1960; 12 Hardy Street, Brighouse, Yorks.
- FIRTH, JOHN MICHAEL; A.C.A., 1960; 26 Gledhow Park Avenue, Chapel Allerton, Leeds, 7.
- FISHER, NORMAN; A.C.A., 1960; 7 Fremont Street, Hackney, London, E.9.
- FISK, RICHARD KEAY; A.C.A., 1960; 53 Radnor Road, Harrow, Middx.
- FLATLEY, PETER KEVIN; A.C.A., 1960; 44 Commercial Street, Rishton, near Blackburn, Lancs.
- FLEMING, RUSSELL ROBERT; A.C.A., 1960; 19 Orley Farm Road, Harrow, Middx.
- FORSYTH, DESMOND JOHN; A.C.A., 1960; 24 Hope Street, Southport, Lancs.
- FORT, REGINALD BROCKWAY; A.C.A., 1960; 95 Holifast Road, Sutton Coldfield, Warwicks.
- FOX, WILLIAM ALBERT; A.C.A., 1960; 369 Drayton High Road, Lower Hellesdon, Norwich, Norfolk, Nor. 10L.
- FREEMAN, DAVID DEREK; A.C.A., 1960; 156 Holmleigh Road, Stamford Hill, London, N.16.
- FREEMAN, SEYMOUR; A.C.A., 1960; 27 Manor House Drive, London, N.W.6.
- FROST, STANLEY; A.C.A., 1960; 75 The Vale, London, N.W.11.
- FRY, ALEC WALTER; A.C.A., 1960; 18 Abbey Water, Romsey, Hants.
- FRY, JOHN GORDON; A.C.A., 1960; 243 Dobcroft Road, Sheffield, 11.
- FULLER, NEIL MICHAEL; A.C.A., 1960; 7 Marion Close, Cambridge.
- GARDHAM, PATRICK ROGER; A.C.A., 1960; 22 Marine Avenue, North Ferriby, Yorks.
- GARNER, JAMES MALCOLM; A.C.A., 1960; 34 Elmfield Avenue, Hornsey, London, N.8.
- GARRETT, DAVID RICHARD; A.C.A., 1960; Meadowcroft, Horley, Surrey.
- GARVEY, RICHARD THOMAS; A.C.A., 1960; 30 Clarence Road, Sidcup, Kent.
- GASCOIGNE, ALLAN ANTHONY; A.C.A., 1960; 69 Broxtowe Lane, Aspley, Nottingham.

- GASCOIGNE, GRAHAM; A.C.A., 1960; 793 Prince of Wales Road, Sheffield, 9.
- GAY, MICHAEL JOHN; A.C.A., 1960; Moor Farm, Portbury, near Bristol.
- GEE, MALCOLM JOHN; A.C.A., 1960; 69 Old Oak Road, London, W.3.
- GEERING, CHRISTOPHER WILLIAM REDMAN; A.C.A., 1960; White Hills, Brooke Road, Ashford, Kent.
- GEH, CHENG HOOI; A.C.A., 1960; 2 Grand Avenue, Surbiton, Surrey.
- GEORGE, WILLIAM JOHN; A.C.A., 1960; 53 Cannon's Close, Bishop's Stortford, Herts.
- GERRARD, MICHAEL DAVID; A.C.A., 1960; 83 Hanover Road, Willesden, London, N.W.10.
- GIBBONS, JOHN JAMES; A.C.A., 1960; 35 Cecil Avenue, Warmsworth, near Doncaster, Yorks.
- GILMORE, GEOFFREY FREDERICK; A.C.A., 1960; 12 Wolmer Gardens, Edgware, Middx.
- GLASS, MALCOLM IAN; A.C.A., 1960; 25 Cardigan Road, Richmond, Surrey.
- GLATTER, ROBERT; A.C.A., 1960; with Henry Finck & Co., 62-64 Brook Street, London, W.1.
- GLENNIE, EDWARD LEWIS HASTINGS; A.C.A., 1960; 27 Lower Park, Minehead, Somerset.
- GLOVER, JOHN SELWYN; A.C.A., 1960; 17 Cloister Way, Leamington Spa, Warwicks.
- GODDARD, JOHN WOLCOTT; A.C.A., 1960; Hepgreave House, Station Lane, Barton, near Preston.
- GOLD, LEONARD MORRIS; A.C.A., 1960; 16 Burbridge Grove, Southsea, Hants.
- GOLDENFIELD, BERNARD NORMAN; A.C.A., 1960; 31 Maple Street, Hightown, Manchester, 8.
- GOLDING, JOHN HENRY; A.C.A., 1960; 20 Hogback Wood Road, Beaconsfield, Bucks.
- GOLDSMITH, DAVID COLIN; A.C.A., 1960; 2 Ranmore Road, Cheam, Surrey.
- GOLDSTEIN, BRIAN; A.C.A., 1960; 39 Athelstan House, Marsh Hill, London, E.9.
- GOOCH, WILSON EDWIN; A.C.A., 1960; 134 Middleton Road, Gorleston-on-Sea, Gt. Yarmouth, Norfolk.
- GORDON, DAVID MAXWELL; A.C.A., 1960; 64 Elmhurst Road, Reading, Berks.
- GORDON, HENRY KENNETH; A.C.A., 1960; 31 Chadworth House, Amwell Court, Green Lanes, London, N.4.
- GORDON, MARTIN DAVID; A.C.A., 1960; Apple-tree Cottage, River Road, Taplow, Bucks.
- GRADIDGE, JOHN DAVID GIFFORD; A.C.A., 1960; 32 Meadow Way, Rickmansworth, Herts.
- GRANGER, PETER; A.C.A., 1960; Spinney Corner, Aslockton, Notts.
- GRATLAND, MICHAEL RICHARD; A.C.A., 1960; 13 Llewellyn Avenue, Neath, Glam.
- GRAY, BASIL LESLIE; A.C.A., 1960; 11 Storm Street, Sheffield, 8.
- GREEN, BRIAN REX, B.A.; A.C.A., 1960; 5 The Leys, Hampstead Garden Suburb, London, N.2.
- GREENACRE, ANDREW JOHN, B.A.; A.C.A., 1960; 27 Ossington Street, London, W.2.
- GREENHALGH, HAROLD; A.C.A., 1960; 7 Osborne Grove, Rossall Beach, Cleveleys, near Blackpool.
- GRENNALL, JOHN HENRY; A.C.A., 1960; 2 Lapworth Street, Lowsonford, Solihull, Warwicks.
- GREY, COLIN JAMES; A.C.A., 1960; Fuidge Manor, Spreyton, near Crediton, Devon.
- GUEST, LAWRENCE KINGSLEY; A.C.A., 1960; 40 Acacia Road, Hampton, Middx.
- GUEST, SYDNEY CLIFFORD; A.C.A., 1960; 151 Pooles Lane, Short Heath, Willenhall, Staffs.
- GUNNELL, JAMES LIDZEY; A.C.A., 1960; 160A Deans Lane, Edgware, Middx.
- GUPTA, PREM BHUSHAN, A.C.A., 1960, with C. J. Hayward & Co., 48 Market Place, Reading, Berks.
- GUPTA, SAMIR KUMAR; A.C.A., 1960; 7 Spencer Road, Chiswick, London, W.4.
- GVI, MICHAEL THEODORE; A.C.A., 1960; Flat 5, 16 Mays Hill Road, Shortlands, Kent.
- HADDON, KENNETH WILLIAM; A.C.A., 1960; 1 Carlton Terrace, Great Cambridge Road, London, N.18.
- HAILSTONE, BRIAN COLIN; A.C.A., 1960; 242 Streetly Road, Erdington, Birmingham, 23.
- HAINSWORTH, BRIAN; A.C.A., 1960; Tree Tops, Clara Drive, Calverley, Pudsey, Yorks.
- HALL, PETER WILLIAM; A.C.A., 1960; 275 Bingley Road, Shipley, Yorks.
- HALL, STEPHEN HARGREAVES, B.A.; A.C.A., 1960; 10, Douro Place, London, W.8.
- HAMBURGER, CYRIL; A.C.A., 1960; 6 Marston Road, Salford, 7, Lancs.
- HAMILTON, JAMES EDWARD HUME; A.C.A., 1960; 17 Park Place, Clifton, Bristol, 8.
- HAMPSON, MICHAEL; A.C.A., 1960; 163 Ribbles-ton Avenue, Preston.
- HAMPSON, NICHOLAS JOHN; A.C.A., 1960; 19 Woodville Road, Bexhill-on-Sea, Sussex.
- HANCOCK, MALCOLM BRIAN; A.C.A., 1960; 21 High Street, March, Cambs.
- HARDACRE, KENNETH; A.C.A., 1960; 12 Broadfield Street, Heywood, Lancs.
- HARDMAN, JOHN PHILIP; A.C.A., 1960; 149 Withins Lane, Bolton.
- HARDY, DAVID JOHN; A.C.A., 1960; 37 The Oval, Sidcup, Kent.
- HARMAN, JAMES GWILYM; A.C.A., 1960; 32 Willis Avenue, Sutton, Surrey.
- HARPER, JOHN STANLEY; A.C.A., 1960; Vicarage Lodge, Boyn Hill Avenue, Maidenhead, Berks.
- HARRIS, EDWARD ROBIN DUDLEY; A.C.A., 1960; 122 Woodside Avenue, Coventry.
- HARRISON, COLIN GILBERT; A.C.A., 1960; Callow Hill House, Callow Hill, Redditch, Worcs.
- HARRISON, PHILIP GORDON, B.SC.(ECON.); A.C.A., 1960; "Barbridge," Red Lion Road, Burrow Hill, Chobham, Woking, Surrey.
- HARROP, PETER EDMUND MORRIS; A.C.A., 1960; 28 Kensington Avenue, Old Colwyn, Denbighs, N. Wales.
- HART, DAVID HULME; A.C.A., 1960; 13 Park Drive, Heaton, Bradford, 9.
- HART, MICHAEL EVAN; A.C.A., 1960; Blanding, Woodland Way, Broadstairs, Kent.
- HARTLEY, DAVID; A.C.A., 1960; 2 Thornhill Gardens, Sunderland, Co. Durham.
- HARTLEY, STUART LESLIE; A.C.A., 1960; 43 Grosvenor Drive, Hornchurch, Essex.
- HATFIELD, JOHN, A.C.A., 1960; 13 Fourth Avenue, Goole.
- HAWKINGS, JOHN DEREK; A.C.A., 1960, 23 Quebec Road, Ilford, Essex.
- HAWLEY, DEREK; A.C.A., 1960; 35 Parks Avenue, South Wingfield, Derby.
- HAY, JAMES BRIAN; A.C.A., 1960; "Elsdon," Colwell Road, Haywards Heath, Sussex.
- HAYES, JOHN EDWARD, B.COM.; A.C.A., 1960; 108 Kenyon Lane, Kenyon, Warrington, Lancs.
- HEANEY, FRANCIS; A.C.A., 1960; 10 Burnside Road, Dagenham, Essex.
- HEARNDEN, ROBERT MAURICE; A.C.A., 1960; Glenville, London Road, Ryarsh, Maidstone, Kent.
- HEATH, FREDERICK JOHN; A.C.A., 1960; 121 Meneage Street, Helston, Cornwall.
- HECTOR, WILLIAM GAVIN; A.C.A., 1960; c/o Imperial Bank of Canada, Granville & Dunsmuir, Vancouver, British Columbia, Canada.
- HEDLEY, WILLIAM WILSON; A.C.A., 1960; 24 Cowslip Hill, Letchworth, Herts.
- HENDRY, JOHN STUART; A.C.A., 1960; 12 Heath Villas, Halifax.
- HERMAN, DANIEL, B.A.(COM.); A.C.A., 1960; 72 Brentbridge Road, Fallowfield, Manchester, 14.
- HERSHMAN, BRIAN SIDNEY, B.A.; A.C.A., 1960; 5 Basing Hill, London, N.W.11.
- HESLOP, DAVID SYKES, M.A.; A.C.A., 1960; Southlands, Southend Avenue, Darlington.
- HEWITT, KENNETH ANTHONY; A.C.A., 1960; 41 Spennithorne Drive, West Park, Leeds, 16.
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- HOLLAND, PETER BRIAN; A.C.A., 1960; 29 The Lindens, Friern Park, North Finchley, London, N.12.
- HOLLIDGE, BRIAN WILLIAM; A.C.A., 1960; with Cooper Brothers & Co., P.O. Box 273, Legal and General Buildings, Coronation Square, Kitwe, N. Rhodesia.
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- HOLLOWAY, JOHN ANTHONY DENHAM; A.C.A., 1960; 9 Church Road, Worcester Park, Surrey.
- HOMER, BARRY JOHN; A.C.A., 1960; 62 Yateley Avenue, Great Barr, Birmingham, 22A.
- HONEYFIELD, RICHARD JOHN; A.C.A., 1960; Parnova, Woodlands Road, Woodlands, Southampton.
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- HOWARD, STANLEY LAWRENCE; A.C.A., 1960; 29 Beaver Road, Didsbury, Manchester, 20.
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- HOWES, MICHAEL DENNIS; A.C.A., 1960; Seven Apples, Fish Lane, Aldwick, Bognor Regis, Sussex.
- HOWGATE, RODNEY DENTON; A.C.A., 1960; Autumn, West Lane, Loxley, near Sheffield.
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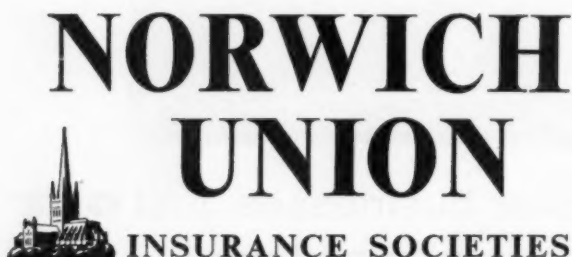
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- LEWIS, DAVID; A.C.A., 1960; 48 Craigwell Road, Prestwich, Manchester.
- LEWIS, WALTER ALAN; A.C.A., 1960; "Char-dons," Queens Road, Old Colwyn, Denbighshire.
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- NIXON, VIVIAN ALAN; A.C.A., 1960; 90 Woodmansterne Road, Streatham Vale, London, S.W.16.
- NORBURY, ROBERT LESLIE; A.C.A., 1960; Grey Gables, Warwick Drive, Hale, Altrincham, Cheshire.
- NORMAN KERRIE; A.C.A., 1960; 38 Clarendon Road, Edgbaston, Birmingham, 16.
- NORTON, DAVID JOHN, M.A.; A.C.A., 1960; 38 Hornton Street, London, W.8.
- NURSAW, ROBERT GRAHAM; A.C.A., 1960; 3 Warren Pond Road, Forest Side, Chingford, London, E.4.
- NUTTALL, ALAN LESLIE; A.C.A., 1960; 9 Broomsgrove, Aintree, Liverpool, 10.
- ODDY, GEORGE MALCOLM; A.C.A., 1960; 8 Buck Stone Crescent, Alwoodley, Leeds, 17.
- O'GRADY, RALPH JAMES; A.C.A., 1960; 1A Whinbrook Gardens, Leeds, 17, Yorks.
- OLDAM, BARRIE ALEXANDER; A.C.A., 1960; 328 Low Lane, Horsforth, near Leeds.
- OLIVER, JOHN DAVID BAGNALL; A.C.A., 1960; 73 Bushmead Avenue, Bedford.
- ORCHARD, JOHN ROSS, B.A.; A.C.A., 1960; Cow Lane, Fulbourn, Cambs.
- O'REGAN, MAURICE DAVID BRIAN; A.C.A., 1960; 7 Wildwood Road, Hampstead Heath, London, N.W.11.
- O'SULLIVAN, NIALL JOHN; A.C.A., 1960; 151 Balgore Lane, Gidea Park, Romford, Essex.
- OWEN, BRIAN THOMAS; A.C.A., 1960; 61 Peel Road, North Wembley, Middx.
- OWEN, LAWRENCE LOTT; A.C.A., 1960; 22 Chapel Street, Mumbles, Swansea, Glam.
- OWRAM, DEREK; A.C.A., 1960; 6 Langdale Avenue, Headingley, Leeds, 6.
- PAINE, GEOFFREY ALAN; A.C.A., 1960; 2 South Parade, Summertown, Oxford.
- PANDYA, BALRAM BHAGWANJI, B.A.(COM.); A.C.A., 1960; 378 Upper Brook Street, Manchester, 13.
- PARIS, ANTONY EDWARD; A.C.A., 1960; 293 Green Lane, New Eltham, London, S.E.9.
- PARK, DOUGLAS; A.C.A., 1960; 136 Malvern Road, Billingham-on-Tees, Co. Durham.
- PARKER, CHRISTOPHER JAMES; A.C.A., 1960; 88 Baldock Road, Letchworth, Herts.
- PARKER, JAMES HARGREAVES; A.C.A., 1960; 60 Halse Road, Brackley, Northants.
- PARKIN, RICHARD GRAHAM, B.A.(ECON.); A.C.A., 1960; 8 Crimicar Drive, Fulwood, Sheffield, 10.
- PARKINSON, CECIL EDWARD, B.A.; A.C.A., 1960; Blacksmith Cottage, River Hill, Flamstead, near St. Albans, Herts.
- PARKINSON, JOHN PHILLIPS; A.C.A., 1960; 15 Oakwood Avenue, Gatley, Cheshire, Cheshire.
- PARRISH, BRIAN WALTER; A.C.A., 1960; 527 Rooley Lane, Bradford, 4.
- PARRY, ADRIAN BASKERVILLE; A.C.A., 1960; Culmore, Holbrook, Ipswich.
- PATEMAN, ALAN DAVID; A.C.A., 1960; 151 Old Highway, Hoddesdon, Herts.
- PECKER, MORLEY LEO; A.C.A., 1960; 221 Goldhurst Terrace, Hampstead, London, N.W.6.
- PEEK, RICHARD ALAN, B.COM.; A.C.A., 1960; 32 Coleshill Road, Ward End, Birmingham, 34.
- PEEL, JOHN MICHAEL, B.SC.(ECON.); A.C.A., 1960; 10 Abercrombie Road, Fleetwood, Lancs.
- PEIRSON, NIGEL KENNETH; A.C.A., 1960; 21 Davenport Road, Coventry.
- PELLANT, ROGER ALFRED; A.C.A., 1960; 41 Lingwell Road, Upper Tooting, London, S.W.17.
- PELLING, JOHN; A.C.A., 1960; 146 Langley Way, West Wickham, Kent.
- PENKIN, RAYMOND; A.S.A.A., 1960; with A. Rosenburg, Schoolman & Gordon, 4th Floor, Commerce House, 57 Shortmarket Street, Cape Town, S. Africa.
- PENROSE, JOHN BARTON; A.C.A., 1960; 40 Highland Road, Amersham, Bucks.
- PERCY, BARRYNGER EARL; A.C.A., 1960; 96 Boston Gardens, Brentford, Middx.
- PESCUD, TREVOR; A.C.A., 1960; 1 Cranfield Court, Bexhill-on-Sea, Sussex.
- PETERSON, MICHAEL NARRAMORE; A.C.A., 1960; 37 Glenavon Road, Prenton, Birkenhead, Cheshire.
- PETHEN, DAVID KEITH; A.C.A., 1960; 20 Somerset Road, Southsea, Hants.
- PEVERLEY, BRIAN; A.C.A., 1960; 396 Hylton Road, Ford Estate, Sunderland.



- PHILLIPS, DAVID PUGH; A.C.A., 1960; 30 Stradey Park Avenue, Llanelli, Carmarthen.
- PHILLIPS, ROBERT LEIGHTON; A.C.A., 1960; 29 Quay Street, Carmarthen.
- PILGRIM, LAWRENCE WILLIAM, D.F.C.; A.C.A., 1960; 17 Grandstand Road, Hereford.
- POCOCK, DAVID BRYAN; A.C.A., 1960; 51 Kingsend, Ruislip, Middx.
- POLLOCK, ROBERT LESLIE; A.C.A., 1960; 24 Bodnant Avenue, Leicester.
- PONCIA, EDMUND ANTHONY; A.C.A., 1960; 806 Warwick Road, Solihull, Warwicks.
- SPOND, ANTHONY WILLIAM GEORGE; A.S.A.A., 1960; "Lyme-Cot," 177 Preston Road, Yeovil, Somerset.
- POULTON, GEOFFREY FREDERICK; A.C.A., 1960; 25 Kipling Avenue, Bath, Somerset.
- POWELL, JOHN JOSEPH; A.C.A., 1960; Longacre, The Slad, Stroud, Glos.
- POWELL, MAXWELL JOHN; A.C.A., 1960; Pentrock, Abberley Drive, Droitwich, Worcs.
- PRAEM, ERIK; A.C.A., 1960; 9 Rosslyn Road, Twickenham, Middx.
- PRATT, JOHN ABBOTT; A.C.A., 1960; 14 Drayton Court, Kingston Road, Tolworth, Surrey.
- PRESEY, DAVID GEORGE; A.C.A., 1960; 24 St. James Road, Purley, Surrey.
- PRICE, IWAN GRUFFYDD; A.C.A., 1960; 2 Diana Road, Llandeilo, Carmarthen.
- PRIME, BRIAN SALISBURY, B.SC.(ECON.); A.C.A., 1960; Westwood, Lichfield Road, Northwood, Middx.
- PRINGLE, GRAHAM; A.C.A., 1960; 5 Langham Gardens, Grange Park, London, N.21.
- PRIOR, ALAN JOHN; A.C.A., 1960; Flat 1, 3 St. George's Terrace, Herne Bay, Kent.
- PRITCHETT, GEOFFREY ARTHUR; A.C.A., 1960; 27 Clarence Gardens, Four Oaks, Sutton Coldfield, Warwicks.
- PROFFITT, PETER RAYMOND; A.C.A., 1960; 210 Foden Road, Great Barr, Birmingham, 22A.
- PROUDFOOT, BRIAN; A.C.A., 1960; 14 Derby Road, Huyton, near Liverpool.
- PRYOR, RICHARD BARCLAY, B.A.; A.C.A., 1960; 49 Onslow Gardens, London, S.W.7.
- PUGH, DILWYN JAMES; A.C.A., 1960; 11 Trecharne Terrace, Edwardsville, Treharris, Glam.
- PYNE, (Miss) ADRIENNE MARY; A.C.A., 1960; Arjule, Old Rydon Lane, Countess Wear, Exeter.
- PYNE, ANTHONY DESMOND; A.C.A., 1960; 21 Oak Tree Road, Tilehurst, Reading, Berks.
- QUEMBY, COLIN JOHN; A.C.A., 1960; 162 Hamilton Avenue, North Cheam, Sutton, Surrey.
- QUICK, EDWIN DAVID; A.C.A., 1960; Lower Town, Wootton Courtenay, near Minehead, Somerset.
- RABSTAFF, LEON DAVID; A.C.A., 1960; 69 Lewis Flats, Dalston Lane, Hackney, London, E.8.
- RAMSHAW, JACK; A.C.A., 1960; 21 Canada Crescent, Rawdon, near Leeds.
- RANDALL-WOOD, DOUGLAS WILLIAM; A.C.A., 1960; 380 Bancroft Road, Mile End, London, E.1.
- RATHMELL, JOHN ANTHONY; A.C.A., 1960; 13 Hookfield, Epsom, Surrey.
- RAY, DEREK FRANK; A.C.A., 1960; 61 Bent Lanes, Davyhulme, Manchester.
- REARDON, PETER JOHN; A.C.A., 1960; 239 Nechells Park Road, Nechells, Birmingham, 7.
- REDDING, DONALD THOMAS; A.C.A., 1960, "The Glen," Coedkernew, near Newport; Mon.
- REDDISH, GRAHAM JOHN; A.C.A., 1960; 1 Woodland Way, Woodford Green, Essex.
- REDFERN, ALAN; A.C.A., 1960; 4 Commercial Street, Hyde, Cheshire.
- REED, (Miss) PAMELA MARGARET; A.C.A., 1960; 54 The Green, Whitburn, near Sunderland.
- REES, STEPHEN PATRICK; A.C.A., 1960; Hurst House, Laugharne, Carmarthen.
- REEVES, AUSTIN SIRRELL, B.SC.(ECON.); A.C.A., 1960; c/o The United Africa Co. of Ghana Ltd., Chief Accountant's Dept., P.O. Box 746, Accra, Ghana.
- REEVES, KENNETH LESLIE; A.C.A., 1960; 134 Mere Road, Wigston, Leics.
- RICH, ANTHONY GEORGE LEDGER; A.C.A., 1960; 51 Croham Park Avenue, South Croydon, Surrey.
- RICHARDSON, MICHAEL JOHN; A.C.A., 1960; 8 The Crescent, Madeira Drive, Hastings, Sussex.
- RIDDOCH, BERNARD HADDOW; A.C.A., 1960; 212 Banstead Road, Banstead, Surrey.
- RIDGES, MARTIN JOHN, B.A.(COM.); A.C.A., 1960; 4 Egerton Park, Rock Ferry, Cheshire.
- RILEY, KENNETH JOHN; A.C.A., 1960; 65 Grasmere Street, Leicester.
- RILEY, ROBERT EDWARD; A.C.A., 1960; Willow Gate, Rochdale Road, Halifax.
- ROBERTSON, RODERICK ROSS; A.C.A., 1960; 4 Windsor Terrace, Loughborough Road, Leicester.
- ROBINSON, JOHN MICHAEL; A.C.A., 1960; Glebe Farm, Collingtree, Northampton.
- ROBINSON, MICHAEL FRANCIS; A.C.A., 1960; 41 Parkhill Road, Hampstead, London, N.W.3.
- ROE, PETER HOWARD; A.C.A., 1960; Clinton, Druidstone Road, St. Mellons, near Cardiff.
- ROGOVE, ALBERT IVOR; A.C.A., 1960; 144 Landseer Avenue, Manor Park, London, E.12.
- ROLFE, BERNARD REGINALD; A.C.A., 1960; 172 Links Way, Croxley Green, Rickmansworth, Herts.
- ROSLING, EDWARD JOHN; A.C.A., 1960; 35 Beech Avenue, Upminster, Essex.
- ROSS, JOHN MALCOLM THOMAS, B.A.; A.C.A., 1960; with Peat, Marwick, Mitchell & Co., 11 Ironmonger Lane, London, E.C.2.
- ROSSI, DAVID MARTIN; A.C.A., 1960; Craster House, Heigham Grove, Norwich.
- ROWLAND, REGINALD CHARLES FREDERICK; A.C.A., 1960; 40 Rudston Road, Liverpool, 16.
- ROWLEY, BLAISE DUDLEY; A.C.A., 1960; 74 Washway Road, Sale, Cheshire.
- ROWLEY, DAVID JOHN DEANS; A.C.A., 1960; 28 Acton Lane, Moreton, Wirral Cheshire.
- ROY, HITENDRA NATH; A.C.A., 1960; 73 Arnold Road, Woking, Surrey.
- RUFF, BRIAN CHISHOLM; A.C.A., 1960; 7 Chrislaine Close, Stanwell, Staines, Middx.
- RYAN, DANIEL; A.C.A., 1960; 65 Pickhurst Rise, West Wickham, Kent.
- SAINT, OLIVER JACKSON; A.C.A., 1960; 67 Warwick Road, Carlisle, Cumberland.
- SALMON, RUPERT EDWARD FITZJOHN; A.C.A., 1960; The Malm, Harefield Road, Rickmansworth, Herts.
- SALTMARSH, RICHARD MALCOLM; A.C.A., 1960; 34 Woodstock Road North, St. Albans, Herts.
- SAMARAWEEA, DON EDWIN ARNOLD SENARATNA; A.C.A., 1960; 171 Earham Grove, Forest Gate, London, E.7.
- SANDERS, JOHN MICHAEL; A.C.A., 1960; 97 Munster Gardens, Palmers Green, London, N.13.
- §SARKARI, NOSHIR PHIROZ DHANJIBHOY; A.S.A.A., 1960; Harrington Court, 49 Harrington Gardens, London, S.W.7.
- SASSOON, RONALD JOSEPH; A.C.A., 1960; 43 Lordship Park, London, N.16.
- SAUNDERS, IVAN DEREK, B.SC.(ECON.); A.C.A., 1960; 16 Turnoak Avenue, Woking, Surrey.
- SAUNDERS, STANLEY LEO; A.C.A., 1960; 44 Apsley House, Finchley Road, London, N.W.8.
- SCARLETT, JOHN ANTHONY; A.C.A., 1960; 82 Westbrook Avenue, Margate, Kent.
- SCHOFIELD, GEOFFREY HAROLD; A.C.A., 1960; 333 Shawclough Road, Rochdale, Lancs.
- SCHOFIELD, JOHN THOMAS; A.C.A., 1960; 136 Durham Road, Spennymoor, Co. Durham.
- SCRUTON, LEONARD EDWARD; A.C.A., 1960; 114 Regal Way, Kenton, Harrow, Middx.
- SCURLOCK, JAMES WALTER GWYNNE; A.C.A., 1960; 50 Ty-Fry Road, Rumney, Cardiff.
- SECKER, ANTHONY IAN; A.C.A., 1960; 19 Gads Green Crescent, Dudley, Worcs.
- SEDDON, PETER HENRY; A.C.A., 1960; Cleeve House, Norley Road, Sandiway, near Northwich, Cheshire.
- SEEKINGS, JOHN CHARLES; A.C.A., 1960; 7 Highfield Road, Five Lane Ends, Bradford, 2.
- SELWYN, JEFFREY MICHAEL; A.C.A., 1960; 25 Vivian Way, East Finchley, London, N.2.
- SHAKESPEARE, EDWARD ALAN; A.C.A., 1960; Kewstoke, Station Road, Polesworth, Tamworth, Staffs.
- SHANKLAND, DAVID; A.C.A., 1960; 152 Pencisely Road, Llandaff, Cardiff.
- SHAW, EDWIN ALAN; A.C.A., 1960; 137 Watwood Road, Shirley, Solihull, Warwicks.
- SHAW, HOWARD; A.C.A., 1960; 70 Ashton Road, Hyde, Cheshire.
- SHAW, MICHAEL CHARLES; A.C.A., 1960; 59 Eastcote Road, Pinner, Middx.
- §SHEAHAN, DAVID THOMAS; A.S.A.A., 1960; 1 Tweedy Road, Bromley, Kent.
- SHEIKH, FAZLUR RAHMAN, LL.B.; A.C.A., 1960; 22 Collingham Gardens, London, S.W.5.
- SHEIKH, MOHAMED ASHRAF; A.C.A., 1960; with S. R. Stammers, 24 Gloucester Place, Brighton.
- SHERLOCK, JAMES FREDERICK; A.C.A., 1960; 59 Prince of Wales Road, Coventry.
- SHAW, EDMUND JEFFREY; A.C.A., 1960; c/o 206 Prescott Road, St. Helens, Lancs.
- SHERATT, ROBERT PETER; A.C.A., 1960; 7 Wallingford Road, Urmston, Manchester.
- SHERWIN, GEOFFREY; A.C.A., 1960; 23 Samuel Street, Balby, Doncaster.
- SHORT, COLIN MAXWELL; A.C.A., 1960; 12 Chester Place, Green Lane, Northwood, Middx.
- SIMPSON, CLIFFORD ALBERT; A.C.A., 1960; 81 Essex Road, Leyton, London, E.10.
- SKILLMAN, LEON ARTHUR DINNIS; A.C.A., 1960; 23 Marshal's Drive, St. Albans, Herts.
- SLATER, GEOFFREY ROBERT; A.C.A., 1960; 24 Cart Lane, Greenfield, Oldham.
- SLATER, PETER FINLAY; A.C.A., 1960; "Greenways," Bamford, near Sheffield.
- SLEEP, DEREK JAMES; A.C.A., 1960; 27 Clifford Avenue, Taunton, Somerset.
- SMART, ARTHUR BRYAN WERNICKE; A.C.A., 1960; 130 Hampton Road, Redland, Bristol, 6.
- SMITH, COLIN GEORGE; A.C.A., 1960; 4 Bewsley Hill, Copplestone, Crediton, Devon.
- SMITH, COLIN HAROLD POTTIER; A.C.A., 1960; 129 Woodmansterne Road, Carshalton Beeches, Surrey.
- SMITH, DAVID JOHN; A.C.A., 1960; 103 Moonshine Lane, Sheffield, 5.
- SMITH, JOHN ARTHUR; A.C.A., 1960; Sunbury Villa, Furlong Road, Bourne End, Bucks.
- SMITH, JOHN NAYLOR; A.C.A., 1960; 13 Eastbury Road, Northwood, Middx.
- SMITH, JOHN WALLACE, B.SC.(ECON.); A.C.A., 1960; c/o Arthur J. Smith & Co., 8 Kew Road, Richmond, Surrey.
- SMITH, MARTIN LIGHTOLLER; A.C.A., 1960; 29 Palace Road, East Molesey, Surrey.
- SMITH, MICHAEL KENDRICK; A.C.A., 1960; 8 Cleveland, Beech Road, Reigate, Surrey.
- SMITH, PETER ANTHONY; A.C.A., 1960; with Thornton Baker & Co., Shell House, London Road, Leicester.

- SMITH, ROY CHARLES; A.C.A., 1960; 76 Strathdon Drive, Aboyne Road, London, S.W.17.
- SMITH, THOMAS RUDMAN; A.C.A., 1960; 8 Leeds Road, Eccleshill, Bradford, 2.
- SMITH, VICTOR; A.C.A., 1960; 6 Deerpark Road, London, N.W.2.
- SNELL, JOHN WILLIAM; A.C.A., 1960; 11 Noel Road, Acton, London, W.3.
- SOOD, VISHWA DEV; A.C.A., 1960; 3 Glazbury Road, London, W.14.
- SOUTHWOOD, BRIAN WILLIAM; A.C.A., 1960; 100 Derby Road, Widnes, Lancs.
- SPEED, DAVID WARWICK; A.C.A., 1960; Westside, Chestnut Avenue, Mickleover, Derby.
- SPENCE, COLIN; A.C.A., 1960; Tripps Cottage, Doniford, Watchet, Somerset.
- SPENCER, STANLEY; A.C.A., 1960; 18 Chapel Lane, Morton, Gainsborough, Lincs.
- SPIELER, ANTHONY; A.C.A., 1960; 60 Avondale Road North, Southport, Lancs.
- STACK, KEITH SIDNEY; A.C.A., 1960; Hall Cottage, Frogs Island, East Hanningfield, Chelmsford, Essex.
- STAINES, KENNETH ALFRED BROOKSBANK; A.C.A., 1960; 41 Cottesmore Avenue, Barton Seagrave, Kettering, Northants.
- STANWORTH, ALBERT DENIS, B.A.; A.C.A., 1960; Seascale, Wheatley Lane Road, Barrowford, near Nelson, Lancs.
- STAPLETON, BRIAN LAURENCE; A.C.A., 1960; 496 Kingsland Road, Dalston, London, E.8.
- STAPLETON, FRANCIS JOHN; A.C.A., 1960; 81 Lower Richmond Road, Putney, London, S.W.15.
- STARR, DAVID KELLOW; A.C.A., 1960; with Broads, Paterson & Co., Garrard House, 31-45 Gresham Street, London, E.C.2.
- STATHER, CYRIL; A.C.A., 1960; 22 Fairfield, Fairburn, Knottingley, Yorks.
- STEADMAN, WILLIAM BRADFORD KIRKBRIDE; A.C.A., 1960; 112A Gloucester Place, London, W.1.
- STEELE, COLIN JAMES; A.C.A., 1960; 77 Kimberley Road, Croydon, Surrey.
- STENNING, RAYMOND GEORGE; A.C.A., 1960; 23 Matlock Road, Caversham, Reading, Berks.
- STEPHENS, ROY EDWARD; A.C.A., 1960; 7 Pine-tree Gardens, Seatonville Road, Whitley Bay, Northumberland.
- STEVENS, JOHN; A.C.A., 1960; 16b Beauty Bank, Old Hill, Staffs.
- STEWART, HUGH PARKER, LL.B.; A.C.A., 1960; with Hill, Vellacott & Bailey, Bank Chambers, 39 Arthur Street, Belfast 1, N. Ireland.
- STILLITZ, GERALD BARRY; A.C.A., 1960; 36 Avenue Road, London, N.W.8.
- STOKES, MICHAEL EDWIN JAMES; A.C.A., 1960; 38 Battenhall Road, Worcester.
- STOKES, ROGER HENRY; A.C.A., 1960; 6 Meadow Road, Margate, Kent.
- STOKOE, JOHN EDWARD; A.C.A., 1960; Halton Shields, Corbridge-on-Tyne, Northumberland.
- STOPPARD, PETER; A.C.A., 1960; Tregenna, Providence Lane, Long Ashton, near Bristol.
- STROUD, ALAN WALTER; A.C.A., 1960; 1 Hilda Cottages, Station Street, Northfleet, Kent.
- STRUEL, IRVING; A.C.A., 1960; 153 Cyncoed Road, Cardiff.
- SULLIVAN, DEREK MAURICE; A.C.A., 1960; 183 Gleneldon Road, Streatham, London, S.W.16.
- SUTTON, BRIAN; A.C.A., 1960; 4 Brooklands Crescent, Gedling, Nottingham.
- SUTTON, LESLIE MARK; A.C.A., 1960; 51 Brancote Avenue, Mitcham, Surrey.
- SWAN, NOEL ERIC BISHTON; A.C.A., 1960; 75 Kings Road, Westcliff-on-Sea, Essex.
- SWIFT, JOHN; A.C.A., 1960; 131 Broad Oak Road, Parr, St. Helens, Lancs.
- SYKES, KENNETH; A.C.A., 1960; 12 Waterloo Road, Romiley, near Stockport.
- TAFFS, GAVIN CHARLES; A.C.A., 1960; 14 Grove Park Road, Nottingham, London, S.E.9.
- TAIT, WILLIAM GILLON; A.C.A., 1960; 3 Quinta Nova, Carcavelos, Portugal.
- TALFOURD-COOK, BRIAN; A.C.A., 1960; Hopkin Farm, Grazeley, near Reading, Berks.
- TATTERSHAW, ROBERT; A.C.A., 1960; 7 Crich Circle, Littleover, Derby.
- TAYAR, CLIFFORD GEORGE; A.C.A., 1960; 340 Hagley Road, Edgbaston, Birmingham, 17.
- TAYLOR, ANTHONY THOMAS; A.C.A., 1960; 1 Mornington Road, Anderton, near Chorley, Lancs.
- TAYLOR, DERRICK RADCLIFFE HANSON; A.C.A., 1960; 1 Loxley Road, Wandsworth Common, London, S.W.18.
- TAYLOR, FRANK WILLIAM; A.C.A., 1960; 25 Allcot Avenue, Hr. Tranmere, Birkenhead, Cheshire.
- TAYLOR, GRAHAM WILLIAM; A.C.A., 1960; 242 Singlewell Road Gravesend, Kent.
- TAYLOR, JOHN FREDERICK; A.C.A., 1960; Bamford, Holborn Hill, Ormskirk, Lancs.
- TAYLOR, KENNETH HARTLAND; A.C.A., 1960; Llusty, Holywell, Flint.
- THACKER, BASANTAL SHIVJI; A.C.A., 1960; with Cansdale & Co., Throgmorton House, 15 Copthall Avenue, London, E.C.2.
- THEWLIS, MICHAEL ANTHONY; A.C.A., 1960; 8 Chantry Road, Lupset, Wakefield, Yorks.
- THOMAS, AIDAN DAVID HENRY; A.C.A., 1960; 31 Tavistock Avenue, Perivale, Middx.
- THOMAS, DONALD ALBERT; A.C.A., 1960; Flat 1, 15 Spilman Street, Carmarthen, S. Wales.
- THOMAS, JOHN MICHAEL; A.C.A., 1960; 2 Duncombe Hill, Honor Oak Park, London, S.E.23.
- THOMAS, JOHN NOEL; A.C.A., 1960; 10 Earlsdon Avenue South, Coventry.
- THOMAS, TREVOR ERNEST; A.C.A., 1960; 212 Uphall Road, Ilford, Essex.
- THOMAS, WILLIAM EDWARD LLOYD; A.C.A., 1960; 237 Wardour St., Atherton, Manchester.
- THOMPSON, ALFRED CHARLTON; A.C.A., 1960; 3 Fernhurst Gate, Aughton, near Ormskirk, Lancs.
- THOMPSON, GARNER; A.C.A., 1960; 4 Rowley Drive, Hazel Grove, near Stockport, Cheshire.
- THOMPSON, HENRY JOSEPH; A.C.A., 1960; 94 Lyndhurst Gardens, Barking, Essex.
- THOMPSON, KENNETH MUIR; A.C.A., 1960; 123 Cavendish Street, Barrow-in-Furness, Lancs.
- THORNTON, GEORGE; A.C.A., 1960; 3 Moor Lane, South Shields, Co. Durham.
- TIGHE, ALAN FRANCIS; A.C.A., 1960; 1 Victoria Cottages, Scawby Road, Brigg, Lincs.
- TINKER, ALAN; A.C.A., 1960; 114 Grove Crescent, Kingsbury, London, N.W.9.
- TISCOE, ANTHONY MALCOLM; A.C.A., 1960; 48 Gilda Court, Watford Way, London, N.W.7.
- TOMKINS, ANTHONY CHARLES; A.C.A., 1960; 1 The Leasow, Aldridge, Walsall, Staffs.
- TONGE, ROBERT CHRISTOPHER; A.C.A., 1960; 23 Grange Road, Bramhall, Stockport.
- TORLESSE, CHARLES DAVID; A.C.A., 1960; Trentham, Cragmoor Road, Burton Joyce, Nottingham.
- TOSSWILL, SIMON RICHARD; A.C.A., 1960; Lutyens House, Thursley, Surrey.
- TOVEY, HUMPHREY PAUL; A.C.A., 1960; Haycroft, Glasllwch Lane, Newport, Mon.
- TREW, GORDON ALEXANDER; A.C.A., 1960; c/o 43 Chantry Road, Moseley, Birmingham, 13.
- TROUBRIDGE, JOHN PRESCOTT; A.C.A., 1960; "Little Hay," Flexford Road, Normandy, near Guildford, Surrey.
- TROUSE, MARTIN JOHN, B.Sc.(ECON.); A.C.A., 1960; 5 Hambledon Gardens, South Norwood, London, S.E.25.
- TUCK, NOEL GEOFFREY JOHN; A.C.A., 1960; The Campus, Market Avenue, Chichester, Sussex.
- TUOHY, JOHN COLIN; A.C.A., 1960; 41 Bromley Road, Edmonton, London, N.18.
- TURL, GEOFFREY; A.C.A., 1960; with A. C. Mole & Sons, Stafford House, 10 Billetfield Taunton, Somerset.
- TURNER, RAYMOND THOMAS; A.C.A., 1960; 90 The Woodlands, Southgate, London, N.14.
- TWITCHEN, BRIAN FRANK GERALD; A.C.A., 1960; 81 Kings Road, Reading, Berks.
- TYMMS, ROY NAIRN; A.C.A., 1960; 20 Kindersley Way, Abbots Langley, Watford, Herts.
- UNDERWOOD, ERNEST JAMES; A.C.A., 1960; 167 Whitehouse Common Road, Sutton Coldfield, Warwicks.
- UNDERWOOD, WILLIAM GREAVES; A.C.A., 1960; The Grange, Whaiton in the Vale, Notts.
- UPTON, GEORGE ROBERT; A.C.A., 1960; 9 St. John's Road, Writtle, Chelmsford, Essex.
- VARNISH, ROBERT HEATH; A.C.A., 1960; 65 Duxford Road, Great Barr, Birmingham, 22A.
- VAUGHAN, RICHARD LESLIE; A.C.A., 1960; 52, Richmond Avenue, Highams Park, London, E.4.
- VERCOE, PETER NICHOLAS; A.C.A., 1960; 10A Rusham Road, Nightingale Lane, Balham, London, S.W.12.
- VIGOR, DAVID ALAN; A.C.A., 1960; Hillstead Primrose Hill, Brentwood, Essex.
- VON GEBSEL, (Miss) ANTONIA; A.C.A., 1960; 10 Sheffield Terrace, London, W.8.
- WADE, PHILIP ANTHONY; A.C.A., 1960; 136 Bush Hill, Northampton.
- WAGSTAFFE, ALWYN TREVOR, B.COM.; A.C.A., 1960; 27 Chesterfield Road, Brimington, near Chesterfield, Derbyshire.
- WAIN, ANTHONY CHARLES; A.C.A., 1960; 44 Kenilworth Crescent, Enfield, Middx.
- WALKER, MALCOLM; A.C.A., 1960; 8 Crosshills Mount, Greetland, Halifax.
- WALL, IAN BRIGGS; A.C.A., 1960; "Lyndhurst," Selby Road, Thorne, near Doncaster.
- WALMSLEY, JONATHAN GEORGE; A.C.A., 1960; with David Smith, Garnett & Co., 61 Brown Street, Manchester, 2.
- WALTON, GEORGE RIMMER; A.C.A., 1960; 32 Cornwall Avenue, Over Hulton, Bolton, Lancs.
- WARBURTON, DONALD; A.C.A., 1960; 29 Langfield Avenue, Blackpool, S.
- WARD, PETER JAMES; A.C.A., 1960; 42 Wentworth Gardens, Palmers Green, London, N.13.
- WATERS, BRIAN WALLACE; A.C.A., 1960; 168 Princes Gardens, West Acton, London, W.3.
- WATSON, DAVID TAYLOR URQUHART; A.C.A., 1960; 1 Clarence Lodge, Englefield Green, Surrey.
- WEATHERSTON, IAN ROBERT; A.C.A., 1960; 41 Kings Road, Berkhamsted, Herts.
- WEBB, ANTHONY CLIFFORD; A.C.A., 1960; 77 Vancouver Drive, Newport, Mon.
- WEBB, VICTOR ERNEST; A.C.A., 1960; 20 Church View Road, Witney, Oxon.
- WEBLEY, MALCOLM ANTHONY CHARLES; A.C.A., 1960; 60 Aldridge Road, Littleaston, near Aldridge, Staffs.
- WEBSTER, PETER FREDERICK; A.C.A., 1960; 21 St. Georges Crescent, Monkseaton, Whitley Bay, Northumberland.
- WEEDS, COLIN NEVILLE; A.C.A., 1960; 16 Great Hoggett Drive, Chilwell, Beeston, Notts.
- WEINBERG, GORDON GEORGE; A.C.A., 1960; 16 Martley Drive, Ilford, Essex.



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WELLER, ANTONY GRAHAM; A.C.A., 1960; 54 Cambridge Drive, Lee, London, S.E.12.

WHEATLEY, ALAN EDWARD; A.C.A., 1960; 135 Upney Lane, Barking, Essex.

WHEELER, GERALD JOSEPH; A.C.A., 1960; 17 Weston House, King Edwards Road, London, E.9.

WHINNEY, FREDERICK JOHN GOLDEN; A.C.A., 1960; 41 Astons Road, Moor Park, Northwood, Middx.

WHITE, ALLAN; A.C.A., 1960; No. 1 Flat, 6 Regent Square, Doncaster, Yorks.

WHITE, DAVID NEVILLE; A.C.A., 1960; 10 Monks Terrace, Hexham, Northumberland.

WHITE, MICHAEL HENRY; A.C.A., 1960; 4 Saville Court, Brompton Square, London, S.W.3.

WHITEHEAD, GODFREY; A.C.A., 1960; 81 Grosvenor Avenue, Jesmond, Newcastle upon Tyne, 2.

WHITEHOUSE, HENRY JOHN, A.C.A., 1960; 1 Florence Grove, Stone Cross, West Bromwich, Staffs.

WHITER, ANTONY RICHARD; A.C.A., 1960; 19 Chatsworth Avenue, Haslemere, Surrey.

WHITHAM, ROY; A.C.A., 1960; 16 Woodbine Road, Fartown, Huddersfield.

WHITMORE, GEOFFREY HECTOR; A.C.A., 1960; 94 Leamington Road, Coventry.

WIARD, PETER; A.C.A., 1960; Yelverton, Delavor Road, Heswell, Cheshire.

WILBY, DAVID EDWARD; A.C.A., 1960; 17 Leeson Street, Aylestone, Leicester.

WILBY, NORMAN; A.C.A., 1960; 27 Lansdowne Road, Stanmore, Middx.

WILES, RONALD SIDNEY; A.C.A., 1960; 132 Evelyn Grove, Southall, Middx.

WILKES, DAVID LESLIE; A.C.A., 1960; 10 Henley Road, Ludlow, Salop.

WILKIN, DERICK; A.C.A., 1960; "Inverewe," Chowdene Bank, Low Fell, Gateshead, 9, Co. Durham.

WILKINS, RICHARD MICHAEL; A.C.A., 1960; 38 Singleton Scarp, Woodside Park, London, N.12.

WILKINSON, NEIL FREEMAN; A.C.A., 1960; 223 Malden Road, New Malden, Surrey.

WILLIAMS, DEREK WALKER; A.C.A., 1960; 3 Bramwell Avenue, Prenton, Birkenhead, Cheshire.

§ WILLIAMS, SIDNEY; A.S.A.A., 1960; 48 Saltburn Road, Wallasey, Cheshire.

WILLIS, PETER ALLEN; A.C.A., 1960; 174 Amer-sham Way, Little Chalfont, Bucks.

WILSON, DAVID CAMPBELL; A.C.A., 1960; 15 Appley Terrace, Roker, Sunderland.

WIMPENNY, DAVID GEORGE; A.C.A., 1960; The Green, Cowlersley Lane, Huddersfield.

WINTERBOTTOM, DAVID STUART; A.C.A., 1960; 16 Bentcliffe Drive, Street Lane, Leeds, 17.

WOLF, MICHAEL LEWIS, B.COM.; A.C.A., 1960; 55 Warkton Lane, Barton Seagrave, Kettering, Northants.

WOOD, JOSEPH WILLIAM; A.C.A., 1960; 220 Highfield Road, Chase Cross, Romford, Essex.

WOOD, PETER ADRIAN KINNEAR; A.C.A., 1960; 31 Carlaw Road, Prenton, Birkenhead, Cheshire.

WORTH, BRIAN LESLIE; A.C.A., 1960; 14 Woodlands Road, Harrow, Middx.

WRAY, IAN WEBSTER; A.C.A., 1960; 17 Ver-dayne Avenue, Shirley, Croydon, Surrey.

WRIGHT, ALBERT JAMES; A.C.A., 1960; 13 Eldean Road, New Duston, Northampton.

WRIGHT, JOHN MICHAEL; A.C.A., 1960; "West Down," Waggs Road, Congleton, Cheshire.

WRIGHT, LEWIS WALTER; A.C.A., 1960; 27 Harrington Avenue, Lincoln.

WRIGHT, NEIL ANTHONY; A.C.A., 1960; "Heatherley," Boxhill Road, Tadworth, Surrey.

YOUNG, MAURICE; A.C.A., 1960; 13 John Street, City Road, Cambridge.

YUILL, GEORGE WILLIAM, A.C.A., 1960; 27 Chigwell Rise, Chigwell, Essex.

ZAHD, ASIF MAHMUD; A.C.A., 1960; 42 Kingsley Court, St. Paul's Avenue, London, N.W.2.

§ ZIPPRIN, GEOFFREY CHARLES; A.C.A., 1960; 43 Upper Berkeley Street, London, W.1.

### Fellowship

The Council acceded to applications from twelve associates to become fellows under clause 6 of the Supplemental Royal Charter.

### Incorporated Accountant Member Becoming an Associate

The Council acceded to an application from the following incorporated accountant member for election as associate under clause 6 of the scheme of integration referred to in clause 34 of the Supplemental Royal Charter:

COLAH, MINOO KAKEY; (1958); A.S.A.A., 1957; with Kay, Keeping & Co., 51 New Cavendish Street, London, W.1.

### Members Commencing to Practise

The Council received notice that the following members had commenced to practise:

ALLSOPP, HARRY WILLIAM; A.C.A., 1958; (S. 1950); (\*R. P. Opass, Billings & Harris), 4 Angel Court, London, E.C.2, and at Belvedere.

ASHTON, DAN; F.C.A., 1960; A.C.A., 1927; Red Acre, Mytholmroyd, Halifax.

AUERBACH, DANIEL; A.C.A., 1959; 9 Mansfield Street, London, W.1.

BARRELL, STANLEY MANN; F.C.A., 1960; A.C.A., 1958; (S. 1948); (S. M. Barrell & Co.), 39/40 County Chambers, Weston Road, Southend-on-Sea.

BOTHAMLEY, KENNETH FRANK; A.C.A., 1958; (S. 1955); (F. A. Whiteley & Co.), 33 Thornton Road, Heald Green, Cheadle, Cheshire, and at Hazel Grove.

BUTTERWORTH, CYRIL; A.C.A., 1959; (E. O. Mosley & Co.), 6 Silver Street, Ramsbottom, Lancs., and at Bury.

CARPENTER, ROLAND JOHN; A.C.A., 1958; (S. 1956); (Creasey, Son & Wickenden), 84 Chancery Lane, London, W.C.2.

COLLINS, STANLEY SIMON; A.C.A., 1959; (Simon Collins & Co.), 17 Percy Street, London, W.1.

COUSINS, LESLIE; A.C.A., 1959; (Messik, Arthur & Co.), 32 Savile Row, London, W.1.

DAVIS, FREDERICK WILLIAM; A.C.A., 1958; (S. 1952); (Osborne, Ward & Co.), Avon House, 356/366, Oxford Street, London, W.1.

FINN, LEONARD IAN; A.C.A., 1958; 13 Foscote Road, London, N.W.4; also at 18 Charing Cross Road, London, W.C.2, (Maurice Sherman & Co.).

GOODHEW, BENJAMIN JOHN; A.C.A., 1958; (S. 1951); (Bradley, Slater & Ratcliffe), 582/4 Christchurch Road, Boscombe, Bournemouth, and at Christchurch.

GREEN, NORMAN EWART; A.C.A., 1956; 18 Lichfield Avenue, Hale, Cheshire.

HANCOCKS, CECIL ERNEST; A.C.A., 1958; (S. 1952); (Geo. O. Harrison & Co.), 20 Claremont Hill, Shrewsbury.

HOLLAND, JOHN EDWARD; A.C.A., 1958; (Gordon Emery & Co.), Central Chambers,

Red Lion Square, Heanor, Derbyshire, and at Derby.

HOUNSELL, NORMAN; A.C.A., 1958; (Bryden, Channing & Co.), 28 East Street, Bridport, Dorset.

HOWARD, SAMUEL; A.C.A., 1958; (S. 1956); (E. O. Mosley & Co.), 16 Bolton Street, Bury, and at Ramsbottom.

HUME, JOHN ALEXANDER; A.C.A., 1955; (Oldham, Holland & Co.), 63/4 New Broad Street, London, E.C.2, and at High Wycombe.

JIMSON, JOHN RICHARD; F.C.A., 1960; A.C.A., 1958; (S. 1949); (Jimson, Smits & Co.), 42 Bramber Road, Friern Barnet, London, N.12.

JOSEPH, RAMON; A.C.A., 1959; (R. Joseph & Co.), 11 New Court, Lincoln's Inn, London, W.C.2.

LANDSMAN, MARTIN; A.C.A., 1955; 116 Leaside Crescent, London, N.W.11.

LEVY, BEN; F.C.A., 1960; A.C.A., 1935; 19 Shaftesbury Avenue, Kenton, Harrow, Middlesex.

MACFARLANE, IAN; A.C.A., 1956; (Basil Hallett & Co.), Staple House, 51/2 Chancery Lane, London, W.C.2.

MASTERTON, NOEL JOHN; A.C.A., 1956; (C. Herbert Smith & Russell), Devonshire House, 40/42 Great Charles Street, Birmingham, 3.

MITCHELL, GORDON BALDWIN; F.C.A., 1960; A.C.A., 1939; (Pearson Lund & Co.), 49 Wellington Street, Strand, London, W.C.2.

NIGHTINGALE, JOHN PHETHEAN; A.C.A., 1950; (P. & J. Kevan), 12 Acresfield, Bolton.

NUNN, ERNEST CHARLES; A.C.A., 1951; (J. & A. W. Sully & Co.), Prudential Buildings, 102/103 High Street, Barnstaple, and at South Molton.

REARDON, ROBERT PATRICK; A.C.A., 1958; (S. 1953); (F. E. Sidaway, Son & Co.), 6 Long Lane, Blackheath, Birmingham, and at Halesowen.

RILEY, ARTHUR WILLIAM; F.C.A., 1960; A.C.A., 1958; (S. 1939); (G. H. Attenborough & Co.), 9 & 10 Fenchurch Street, London, E.C.3.

ROSE, PHILIP; A.C.A., 1951; 12 Gladstone Park Gardens, London, N.W.2.

RUSSELL, PETER POWELL; A.C.A., 1952; (Creasey, Son & Wickenden), 84 Chancery Lane, London, W.C.2.

SMITS, LEONARD PETER JOHN; A.C.A., 1951; (Jimson, Smits & Co.), 42 Bramber Road, Friern Barnet, London, N.12.

STEDMAN, GORDON JOHN; A.C.A., 1957; Little Cosawes, Peran-ar-Worthal, Truro, Cornwall.

TANNER, EDWARD ISMAR; A.C.A., 1959; (Edward I. Tanner & Co.), 2 The Croft, Hoop Lane, London, N.W.11.

THOMPSON, ALWYN CHARLES ROBERT, M.A.; A.C.A., 1955; (P. & J. Kevan), 12 Acresfield, Bolton.

THURSZ, RONALD LOUIS; A.C.A., 1959; 314 Church Street, Blackpool.

WHITEN, THOMAS HUBERT; F.C.A., 1960; A.C.A., 1958; (S. 1935); 11 Coniston Road, Beeston, Notts.

§ Denotes member in practice.

§ Means "incorporated accountant member."

Firms not marked † or \* are composed wholly of members of the Institute.

† Against the name of a firm indicates that the firm, though not wholly composed of members of the Institute, is composed wholly of chartered accountants who are members of one or another of the three Institutes of chartered accountants in Great Britain and Ireland.

\* Against the name of a firm indicates that the firm is not wholly composed of members of one or another of the three Institutes of chartered accountants in Great Britain and Ireland.



WOOD, JOHN HUBERT; A.C.A., 1958; (Chipchase, Wood & Co.), Royal George Chambers, Victoria Street, Bishop Auckland; (for other towns see Chipchase, Wood & Co., and Chipchase, Wood & Jacobs).

WYATT, RODERICK; A.C.A., 1957; (Roderick Wyatt & Co.), 5 Oldham Road, Rochdale.

#### Admission to Membership under the Scheme of Integration

The Council acceded to applications from fourteen members of the Society of Incorporated Accountants for admission to membership of the Institute pursuant to the scheme of integration referred to in clause 34 of the Supplemental Charter.

#### Readmission to Membership

Subject to payment of the amounts required by the Council, one former member of the Institute was admitted to membership under clause 23 of the Supplemental Royal Charter. Two applications were refused.

It was reported to the Council that the following readmissions, made at the Council meetings on January 6 and February 3, 1960, subject to payment of the amount required, had become effective:

ASHMAWI, IBRAHIM ALI, A.C.A., 17 Sheikh Barakat Street, Garden City, Cairo, Egypt.

FERGUSON, ARTHUR CHARLES ELDRIDGE, F.C.A., c/o Massey-Ferguson, Ltd., "M" Foundry, Brantford, Ontario, Canada.

HARTLEY, EDWARD, F.C.A., 70 Kingston Crescent, Portsmouth.

O'SHEA, MAURICE JOHN, B.A.(COM.), F.C.A., 2 North Luton Place, Cardiff.

#### Resignations

The Council accepted the resignations from membership of the Institute of:

CRUICKSHANK, ARCHIBALD; A.S.A.A., 25 Milngavie Road, Bearsden, Glasgow.

DAWSON, JOHN REGINALD OUTRAM, B.Sc.; F.C.A., 3 Grindal Place, St. Bees, Cumberland.

DEWEY, WILLIAM PARKIN; F.C.A., c/o Imperial Chemical Industries Ltd., Billingham, Co. Durham.

DOUSS, MAURICE JAMES; A.C.A., 2 Charnhill Crescent, Mangotsfield, Bristol.

MITCHESON, GEOFFREY LUDLOW; F.C.A., 3 Hesketh Avenue, Manchester, 20.

PITTS, ALFRED; F.C.A., c/o J. W. Brown (Crosshills), Ltd., Crosshills, Keighley.

ROBINSON, JAMES SIDNEY; F.C.A., 28 Grand Avenue, Topworth, Surbiton, Surrey.

RYALL, DAVID JOHN; A.C.A., 147 Banstead Road, Carshalton Beeches, Surrey.

SCHOFIELD, WILLIAM SHACKLETON; F.C.A., 362 Kings Road, Hurst, Ashton-under-Lyne.

TETLEY, SIDNEY JAMES; A.C.A., 16 Lichfield Road, Northwood Hills, Middlesex.

WATSON, JOHN MACLAREN; F.C.A., "Down-away," Alderley Edge, Cheshire.

#### Deaths of Members

The Council received with regret the Secretary's report of the deaths of the following members:

BENNETT, CYRIL LESLIE, F.C.A., London.

BENNETT, ETHELBERT JAMES, O.B.E., F.C.A., Toronto.

BOUSFIELD, HARRY, F.C.A., Halifax.

CHRISTMAS, PERCY HUBERT, F.C.A., Wrestlingworth.

GREENFIELD, JOSEPH ARTHUR, F.C.A., London.

INGAMELLS, HARRY, F.C.A., Cambridge.

LONG, ALFRED ERNEST MARMADUKE, B.Sc., F.C.A., Stourbridge.

PIKE, GEORGE EDMUND, F.C.A., London.

RAUCH, ANDREW COMBRINK, A.C.A., Salisbury, S. Rhodesia.

RYLAND, HERBERT CLIFT, F.C.A., London.

SULLY, ALFRED VICTOR, M.C., J.P., F.C.A., London.

TITLEY, ERIC ANTHONY, F.C.A., London.

TURNER, ALEXANDER RONALD, F.S.A.A., Johannesburg.

## Finding and Decision of the Disciplinary Committee

*Finding and Decision of the Disciplinary Committee of the Council of the Institute appointed pursuant to bye-law 103 of the bye-laws appended to the supplemental Royal Charter of December 21, 1948, at a hearing held on February 3, 1960.*

A formal complaint was preferred by the Investigation Committee of the Council of the Institute to the Disciplinary Committee of the Council that Stanley John Hemmings, A.C.A., was at the General Session held in the Old Bailey on April 14, 1959, convicted on indictment for that he with intent to defraud forged a document purporting to be a letter dated December 2, 1952, from himself to a certain person, so as to render himself liable to exclusion or suspension from membership of the Institute. The Committee found that the formal complaint against Stanley John Hemmings, A.C.A., had been proved and the Committee ordered that Stanley John Hemmings, A.C.A., of 34 St. Leonards Road, Bexhill-on-Sea, Sussex, be suspended for a period of one year from membership of the Institute.

## Presentation of Prizes

### November, 1959, Examinations

ON WEDNESDAY, MARCH 2, 1960, the President (Mr. C. U. Peat, M.C., M.A., F.C.A.) formally presented prizes and certificates of merit to the successful candidates in the November, 1959, examinations, who were able to attend. Relatives and friends of prizewinners were invited to the ceremony, which was held in the Oak Hall at Moor-gate Place and was followed by tea.

In the course of his address, the President said: Ladies and gentlemen, this is the first occasion on which we have had this ceremony in the Oak Hall—this is the Oak Hall of our Institute. Previously, we used to have the prizewinners before the Council at one of our Council meetings and just gave them their prizes in that way, but we thought it would be much better if we could get some

of their friends to come along—and I am very delighted to see so many of their fathers and mothers here today.

May I say how glad I am to see that amongst your number there are at least two overseas students who are prizewinners. I give them a warm welcome.

My first duty and great pleasure is to welcome you to the Institute and to say—and I cannot repeat this too often—that you parents and friends do more than any of us to help these young people to achieve success, and I thank you very deeply for what you have done.

Now I must congratulate the prizewinners. There is one lady amongst them and two overseas students, and in the course of congratulating them I would like just to repeat what my partner and my great friend, Sir Harold Howitt, said some months ago. He was addressing his old school and he was telling the boys—I cannot give you his exact words but the purport was this—"We talk an awful lot about capital for this purpose and capital for that purpose, but," he said, "you younger fellows ought to understand that a man or woman's capital is not always in his or her bank, but more often in his or her head." And that is an enormously important thing. You young people have started to accumulate your capital in your heads. The intermediate prizewinners—they are off to a good start. The finalists—they have finished with this business of examinations.

You finalists, and eventually you intermediate prizewinners, will become members of the Institute, and as President of the Institute I want to tell you how welcome you will be and I want to ask you this—that you will maintain your interest in the Institute.

You are the sort of people who should in time provide leadership, and that is good in a democracy, where it is often difficult to find people who will take responsibility.

Now, ladies and gentlemen, I have tried to impress upon you that we as a family at the Institute require your interest and your co-operation. Before I sit down, I have one more thing to say. We are delighted that so many of you are able to be here. I congratulate the prizewinners again. An article clerk's life is not an easy one, and working for the examinations with the distinction you have achieved involves a considerable amount of unselfish concentration and the giving up of a lot of spare time. (Applause.)

## President's Luncheon

THE PRESIDENT OF the Institute, Mr. C. U. Peat, gave a luncheon party on February 24 at the Savoy Hotel. The guests were: The Viscount Kilmuir, Sir Gerard d'Erlanger, Sir George Erskine, Sir Frank Lee, Sir William Carrington, Sir Harold Howitt, Mr. Lewis Chapman, Mr. D. J. Roberts, Mr. D. V. House, Mr. S. J. Pears and Mr. Alan S. MacIver.



## Members' Library

*The Librarian reports that among the books and papers acquired by the Institute in recent weeks by purchase and gifts are the following:*

- Amalgamations, Transfers of Engagements, Disputes, Investigations and Dissolutions; by A. E. Shrimpton: 2nd edn. by D. B. Galbraith. 1959. (Franey, 6s.)
- Auditing in the Construction Industry. (American Institute of Certified Public Accountants.) New York. 1959. (A.I. of C.P.A., presented, \$0.50.)
- A Berliner Research Report on Simplified Cost Accounting... for Furniture Manufacturing...; by J. J. Berliner and staff. New York. [1959.] (Berliner & staff, 100s.)
- Business Associations under French Law; by E. M. Church. 1960. (Sweet & Maxwell, 115s. 6d.)
- Business Experience with Electronic Computers: a synthesis of... electronic data processing installations; by B. Conway, J. Gibbons and D. E. Watts. New York. 1959. (Controllers Institute Research Foundation, 45s.)
- Capital Imports into Sterling Countries; by A. R. Conan. 1960. (Macmillan, 18s.)
- Company Taxation in Western Europe; by R. Mees & Zoonen. Rotterdam. 1959. (International Bureau of Fiscal Documentation, presented.)
- Construction Accounting and Financial Management; by W. E. Coombs. New York. 1958. (F. W. Dodge, 94s.)
- Directory of Opportunities for Qualified Men 1960. (Cornmarket Press.) 1960. (Cornmarket Press, 8s. 6d.)
- Elements of Accounts: balance sheet approach...; by A. Baston: 4th edn. 1960. (Cassell, 10s. 6d.)
- European Free Trade Association: a guide to the Stockholm convention. (Federation of British Industries.) 1960. (F.B.I., 7s. 6d.)
- Facing Facts in Financial Reporting: a lecture; by D. Gordon. Quebec. 1959. (Institute of Chartered Accountants of Quebec, presented.)
- Farm Rents: a comparison of... farm rents in England and Wales; by D. R. Denman and V. F. Stewart. 1959. (Allen & Unwin, 27s. 6d.)
- Fire Insurance Law; by H. Taylor: 2nd edn. by J. K. Jones. 1959. (Pitman, 30s.)
- Fractions Anatomized: or, the doctrine of parts...; by R. Ramsbottom. 1762. (Maggs, 55s.)
- Green's Death Duties; by G. M. Green: 4th edn. by C. D. Harding. 1958. Supplement, 1959. (Sweet & Maxwell, 126s. and 8s. 6d.)
- Hallmark: a list of building societies in which deposits are trustee investments. (Franey & Co.) 1959. (Franey, 7s. 6d.)

Hanson's Death Duties; by A. Hanson: 10th edn. by H. E. Smith. 1956. 4th supplement 1959. (Sweet & Maxwell, 126s. and 21s.)

Income and Economic Welfare; by S. G. Sturme. 1959. (Longmans, 21s.)

Income Tax and Estate Duty on Woodlands. (Forestry Commission.) 1959. (H.M.S.O., 1s. 3d.)

\*Income Tax Maintenance Relief and Agricultural Allowances; by F. E. C. Jones, A.C.A.: 2nd edn. 1960. (Sweet & Maxwell, 32s. 6d.)

An Introduction to Business Forecasting. (Institute of Cost and Works Accountants.) [1959.] (I. of C. & W.A., presented.)

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\*These books have been presented to all District Society Libraries under the grant of books scheme.

\*Underhill's law relating to Trusts and Trustees; by Sir A. Underhill: 11th edn. by C. M. White and M. M. Wells. 1959. (Butterworth, 95s.)

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## Accounting without Records

THE SOUTH EASTERN Society of Chartered Accountants held a dinner at the Polygon Hotel, Southampton, on February 16. Mr. W. T. Hunter, M.B.E., F.C.A. (President of the South Eastern Society) was in the chair, and the guests included Dr. Frank Mayo (Refinery Manager of the Esso Refinery at Fawley); Mr. C. U. Peat, M.C., F.C.A. (President of the Institute of Chartered Accountants in England and Wales); Mr. Alan S. MacIver, C.B.E. (Secretary of the Institute); Mr. G. A. Macdonald (President of the Hampshire Incorporated Law Society); and other representatives of professional bodies.

Dr. F. Mayo proposed the toast of the Institute of Chartered Accountants in England and Wales. He said that today accountants were no longer regarded—by members of other professions and the public—as “superior bookkeepers.” Instead, they were recognised as valuable members of the management team, possessing high standards of skill, knowledge and integrity. And there were few companies today which did not have an accountant on the Board of directors.

Mr. C. U. Peat, M.C., M.A. (President of the Institute of Chartered Accountants in England and Wales), responded to the toast. Every profession at the present time, he said, was conscious of changing circumstances in its own framework, brought about by three main reasons: (a) the changing demands on its services; (b) the point of view of the young people from whom it drew its recruits and the competition for their services from industry and science; (c) the tendency to specialise in order to meet the increasing complexity in business and the life of the community.

Thirty years ago the main demand on the services of members of the Institute was for audit work, which was looked upon as the “bread and butter” of their professional diet. Audit work was still a very important factor for the bigger firms. But special work on investigations, prospectuses and taxation was now taking such an important place in the accountant's curriculum that work on auditing was tending to become more and more streamlined and would, in the comparatively near future, require an increasingly better qualified staff and probably less of them.

The really interesting development in the work of the profession was the demand which had been made upon it, ever since taxation became a very material factor, by the small trader and farmer. By far the

greater number of these smaller taxpayers would never have kept any accounting records if it had not been for the demands of the Inspector of Taxes, and the accountant who tackled this work usually had to deal with incomplete records or no records at all, and had far too often to negotiate an agreement with the Inspector on a hypothetical basis.

Mr. Peat estimated that in a medium-sized industrial town only 15 per cent. to 20 per cent. of the accounts prepared for assessment purposes would have been prepared for any other reason, such as business efficiency or statutory requirements, and that for 30 per cent. of the assessments no accounts would be available and estimated assessments would have to be prepared in the first place, an agreement being reached ultimately on production of some evidence, which could not be described as book-keeping records. The remainder, approximately 50 per cent., would represent incomplete records.

In a district mostly covered by farmers, he believed that the number of accounts kept irrespective of taxation—for business or efficiency reasons—represented less than 5 per cent., the balance being represented by incomplete records or no records at all. To sum up: most small businesses, farming or otherwise, would never keep any accounting records if it were not for taxation. Most small and medium-sized accountancy firms seemed to spend never less than 50 per cent. of their time on intermediary work between the Inspectors of Taxes and the small industrialist and farmer, usually dealing with incomplete records. One could assume that the figure was in most cases considerably above 50 per cent., often as high as 95 per cent., and sometimes 100 per cent. As far as one could see the work done was often only a matter of using a typewriter and sometimes no certificate was given, or if one was given it implied no audit and no responsibility, the only service rendered being the contact between the accountant and the Inspector.

From these deductions—and he believed they gave a fair picture of the position—a great number of their professional colleagues were employed on work for which the high standards of their training are not applicable, and the flow of recommendations sent out by the Council was of only academic interest to them. In some districts members of the Institute had to meet strong competition from unqualified accountants, and frequently from solicitors.

This situation called for grave and searching consideration in the hope that some solution could be found. He believed that the answer was to persuade the small shopkeeper and farmer that his future standard of living depended on his keeping some simple form of accounts to enable him to appreciate his trading position and make some practical plans for the future. This, he appreciated, would be a long and hard road to travel.

Mr. W. T. Hunter, M.B.E., F.C.A. (President of the South Eastern Society) proposed

the toast of the guests, to which a response was made by Mr. G. A. Macdonald (President of the Hampshire Incorporated Law Society).

## Accounting Evangelism

THE ANNUAL DINNER of the South Wales and Monmouthshire Society of Chartered Accountants was held in Cardiff on February 19. The chair was occupied by Mr. C. R. Daniel, F.C.A., President of the District Society, and the guests included Mr. E. Roderic Bowen, Q.C., M.A., LL.B., M.P. (Recorder of Merthyr Tydfil); Mr. C. U. Peat, M.C., F.C.A. (President of the Institute of Chartered Accountants in England and Wales); Mr. G. C. Diamond, O.B.E. (Headmaster of Cardiff High School); Mr. H. R. Quarren Evans (H.M. Inspector of Taxes). Mr. E. Roderic Bowen, Q.C. (Recorder of Merthyr Tydfil) proposed the toast of the Institute of Chartered Accountants in England and Wales and coupled with it the name of Mr. Peat, who, he said, had followed in his father's footsteps. The name of William Barclay Peat was revered by those who knew anything about the history of the profession in this country. The present President was a man of distinction in his own right, but suffered from the handicaps of being educated at Oxford and having been a Member of Parliament.

Mr. Peat's departure from Westminster had been a gain to his profession, and certainly to the youngsters in it, because one of his greatest claims to fame was the interest he had always taken in article clerks.

It was clear that chartered accountants were playing an ever greater part in the life of the country. He wondered what would happen to commercial integrity and fair dealing if these qualities were not nurtured by accountants.

Mr. C. U. Peat, M.C., F.C.A. (President of the Institute of Chartered Accountants in England and Wales), in response, recalled that at the South Eastern Society's dinner at Southampton a few days earlier he had expressed the opinion that there was a considerable difference between the work done by the larger firms of accountants and that done by small firms. The small firms were largely or wholly engaged in preparing income tax returns for small traders and farmers from incomplete records or no records at all.

This work had got to be done by someone. Although Somerset House might not be fully aware of the sometimes very scanty information on which assessments were agreed, the Inspectors of Taxes found that the services of accountants in these cases where incomplete records or no records were kept were essential if the revenue was to be collected even with the present considerable delays.

From enquiries he had made it seemed

that, at least in country districts, more than half the original Schedule D assessments were based on pure estimates. Eventually accounts were submitted in respect of about three-quarters of the assessments, but of these less than a tenth—those of limited companies and partnerships—would have been prepared in any case.

He was told that not one farmer in a thousand recorded his drawings. In country districts probably between 80 per cent. and 90 per cent. of the work of accountants was on incomplete records for taxation purposes.

It was impossible to measure accurately the percentage of the profession engaged on this kind of work, but there could be no doubt that it was material, between 30 per cent. and 50 per cent. The work was hard and mostly personal, and left no time for keeping abreast of the continually advancing technique of the profession.

The duty of the Institute was to represent and assist all its members and the public they served. To take the last point first, it was difficult to assess the value of the small businessman or farmer in the national economy. He believed the small trader or farmer performed a great service to industry, but in a wasteful and hazardous manner if he made no attempt to keep even an elementary set of accounts. As had been so truly said, the small man would not remain a small man if he kept sufficient accounting records to show him how better to manage his business.

Management accounting was a subject in the forefront of their minds, and there appeared to be two schools of thought. One proclaimed that there could be no management accounting without intensive and specialised training, which the present-day chartered accountant lacked. The other, without denying the necessity of specialised training, pointed out that management accounting was, in essence, a new mental approach to all accounting problems, looking forward instead of backward, and that even without specialised training the average accountant, by this new angle of approach, could help his clients to take the same view and arrange their accounting records, not just for the Inspector of Taxes, but in a way that would help them to avoid the mistakes of the past and generally plan better for the future.

This was what he believed chartered accountants must do for their small clients. It was a type of accounting evangelism, an almost missionary effort, but if they could convert their own colleagues in this field he was sure they, in their turn, would convince their clients.

Mr. C. R. Daniel, F.C.A. (President of the District Society), proposed the toast of the guests. He said accountants were sometimes apt to give advice to their clients that was outside their scope. This was done with a desire to help, but it was dangerous.

Mr. G. C. Diamond, O.B.E., M.A. (Headmaster of Cardiff High School, where Mr. Daniel was once a pupil), and Mr. H. R. Quarren Evans (H.M. Inspector of Taxes) responded.



## Classified Advertisements

Advertisements under "Appointments Vacant", "Practices & Partnerships", "Appointments Required", "Articled Clerks"—eightpence per word. Under "Official Notices", "Miscellaneous" and other headings—one shilling per word. Box numbers—five shillings extra (including the five words in the advertisement). Semi-displayed panels—£4 per column inch. All terms prepaid. Replies to Box Number advertisements should be addressed Box No. ... c/o ACCOUNTANCY, Moorgate Place, London, E.C.2, unless otherwise stated. It is requested that the Box Number be also placed at the bottom left-hand corner of the envelope.

### APPOINTMENTS REGISTER OF THE INSTITUTE OF CHARTERED ACCOUNTANTS IN ENGLAND AND WALES

Employers who have vacancies for members on their staffs and also members seeking new appointments are invited to make use of the facilities provided by the Institute's Appointments Register. No fees are payable. All enquiries should be addressed to the Appointments Officer, Moorgate Place, London, E.C.2. Tel. Moorgate 5644.

### OFFICIAL NOTICES

#### THE INSTITUTE OF COST AND WORKS ACCOUNTANTS FELLOWSHIP IN MANAGEMENT ACCOUNTANCY

The Fellowship Examination is open to Associates of the Institute and to certain other qualified accountants who fulfil the required conditions, particulars of which can be obtained on application.

The examination will take place at the usual Home Centres on the 13th, 14th and 15th June, 1960. Entry forms (obtainable on application) must be lodged with the undersigned by not later than 10th April, 1960.

DEREK DU PRE, Secretary,  
63 Portland Place, London, W.1.

#### THE INSTITUTE OF COST AND WORKS ACCOUNTANTS JUNE 1960 EXAMINATIONS

The next Preliminary, Intermediate and Final Examinations will be held at the usual Home Centres on the 13th, 14th and 15th June, 1960. Applications on Form C (obtainable on receipt of self-addressed and stamped gummed label) should be lodged with the undersigned as soon as possible, and in any case by not later than the 10th April. No late entries will be accepted.

DEREK DU PRE, Secretary,  
63 Portland Place, London, W.1.

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#### Assistant Secretary

A barrister or solicitor is required for appointment as an assistant secretary. Age about 35. Duties will be mainly in connection with the work of non-technical committees. Salary in the neighbourhood of £2,000. Non-contributory pension scheme. Apply, by letter, giving age and details of education, qualifications and experience to the Secretary of the Institute, Moorgate Place, London, E.C.2. Envelopes should be marked "Personal—A.S."

COMMERCIAL ACCOUNTANTS. One or more vacancies exist for Accountants, men or women, preferably with a recognised qualification who wish to make a career in commerce. Age 25 to 30 and salary £750 to £1,000. Based on London in the first instance but advancement may require service in the provinces. Write giving full details of previous experience to Box A974 LPE, Romano House, 399/401 Strand, London, W.C.2.

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Applications, which will be treated in the strictest confidence, should contain full details of age, education, qualifications and positions held with dates and salaries, and should be sent, quoting reference C.A. 70, to COOPER BROTHERS & Co., Abacus House, Gutter Lane, London, E.C.2.

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Applications (which will be treated in the strictest confidence) should contain full details of age, education, qualifications and positions held with dates and salaries and should be sent to the Staff Manager, COOPER BROTHERS & Co., Abacus House, 33 Gutter Lane, Cheapside, London, E.C.2.

(continued on page xliii)

## Saving the Small Trader and Farmer

THE SHEFFIELD AND District Society of Chartered Accountants held a dinner at the Cutlers Hall, Sheffield, on March 3. The chair was occupied by the President, Mr. J. S. Wortley, F.C.A., and the company included the Lord Mayor of Sheffield (Alderman A. V. Wolstenholme, J.P.); Field Marshal The Rt. Hon. The Lord Harding of Petherton, G.C.B., C.B.E., D.S.O., M.C.; Mr. C. U. Peat, M.C., F.C.A. (President of the Institute of Chartered Accountants in England and Wales); Mr. P. J. C. Bovill, J.P. (the Master Cutler); Mr. A. Brian Sellers; His Honour Judge E. Ould; Mr. A. S. MacIver, C.B.E., M.C. (Secretary of the Institute); and many others representative of professional bodies, commerce, the University of Sheffield and the Inland Revenue.

Field Marshal Lord Harding of Petherton, proposing "The City and Trades of Sheffield," said that Sheffield had made a tremendous contribution to craftsmanship and character. Sheffield stood for steel, and steel stood for strength.

The Lord Mayor of Sheffield (Alderman A. V. Wolstenholme), in response, observed that progress was impossible without spending money. Sheffield was linked with quality. Trade was going very well and even the small men were finding a little money to invest. That was where professional advice came in.

Mr. P. J. C. Bovill (The Master Cutler) proposed the toast of The Institute of Chartered Accountants in England and Wales. He had noticed that the preamble to the petition for the charter of 1880 brought in liquidation and bankruptcy. The functions of accountants had widened enormously since then; they had become industrial advisers, and many occupied influential positions in industry. He was sure that their reputation had never been higher than it was to-day. An accountant, whether in industry or in general practice, was a person of standing so that his report could be accepted without hesitation.

The Institute was an organisation of which they could be justifiably proud, and the Cutlers' Company was proud indeed to have the District Society President, Mr. Wortley, as its financial guide and mentor. (*Hear, hear.*)

Mr. C. U. Peat, M.C., F.C.A. (President of the Institute of Chartered Accountants in England and Wales), in his response, said that it had not been the practice of the Institute to make suggestions for improvement in trading or accounting methods to any particular trade or class of trader, and the remarks he was about to make were entirely personal. The modern trend in all branches of industry was towards bigger and ever bigger concentrations. These tendencies were all to the good and chartered accountants should do everything to further them.

However, on turning to the small trader

and agriculturist one found a very different state of affairs. The small farmers were the backbone of the nation, but like anybody else they could not exist unless they conformed to modern trends.

Then again, the position of the small shopkeepers or businessmen was steadily becoming more difficult by reason of the cut prices of the chain stores and the conditions of the supermarkets.

One often heard about small farmers and traders who were shrewd enough and experienced enough to do without accounts and research: they were said to have a sort of sixth sense which led them to take the right action at the right time. This might have been true in the past, but he doubted whether the agriculturist large or small was going to cope with the continent of Europe in sixes or sevens by hunches—and he believed the same would be true of traders as a whole.

There was approaching a period of complex and very keen competition in which traders and farmers could keep their heads above water only by intelligent and effective co-operation. In this sphere, management accounting both in its simplest and more specialised form must play a most important part. He stressed the term management accounting because it was necessary to break through the point of view of so many small traders and agriculturalists that the only accounting records they would keep were those needed to make as good a deal as possible with the Inspector of Taxes. One so often heard it said, "I cannot afford to keep accounts." Their job as accountants was to prove that no business man—and agriculture was very much a business—could afford *not* to keep accounts if he wanted to survive. There must be progressive accounting records drawn up to indicate efficiency or inefficiency in the main lines of business, and, in the case of farmers, giving comparisons with the average district results prepared by the Agricultural Committees. As both farmers and traders were getting together in associations to protect their interests and increase their efficiency, they could apply the same principles in the co-operative use of accountants to advise them on simple methods of keeping accounting records for taxation purposes and, much more important still, for efficiency purposes.

The task was going to be difficult but he believed it must be done. The profession had passed the point of no return in management accounting, and must do everything possible to bring it to those who needed it most.

Mr. Peat referred to the fact that his father addressed the Sheffield Society in 1907, when the membership of the Institute was 3,662. It was now more than 30,000. The Council was deeply grateful for the hard work put in by the Sheffield Society during the past year.

Mr. J. S. Wortley, F.C.A. (President of the Sheffield Society) proposed the toast of the guests, and Mr. A. Brian Sellers (former cricket captain of Yorkshire) responded.

## The Challenge of the Future

MR. G. D. ASHCROFT, F.C.A., President, took the chair at the annual dinner of the Manchester Chartered Accountants Students' Society held at the Midland Hotel, Manchester, on March 3.

Judge Sir Basil Neild, C.B.E., Q.C., Recorder of Manchester, proposing the toast of the Institute of Chartered Accountants in England and Wales, said he regarded it as an honour to propose this toast, coupled with the name of the Vice-President, Mr. S. J. Pears, F.C.A. In the foreground of the many labours of the Institute was the help it gave to those entering the profession.

In reply, Mr. Pears said that competition in accountancy was as keen as in any profession, and they could choose whether they competed in quality, in price and in complacency, but, although accountants did not recognize their own worth, the complacent were cutting their own throats. The Institute was now carrying out a large-scale reorganisation and members must play their part in future changes. Management accounting, for instance, called for specialists.

Mr. John Coatman, C.I.E., M.A., proposing the toast of the Manchester Students' Society, pointed out that demands on the profession were bound to increase as the great new businesses grew up.

In his response, Mr. Ashcroft observed that in this new scientific age of electronic data processing accountants must be prepared to meet a client on his own ground, not only unravelling his tax complications but advising and guiding him on the problems of the day.

Mr. C. N. Elliott, a student member of the committee, proposed the toast of the guests, and Mr. John Dekker, President of the Manchester University Union, responded.

## Students' Societies

### LONDON

#### News from the Committee

MR. S. L. HARTLEY has found it necessary to resign from the Committee. Mr. David Hughes has been elected to fill the vacancy.

#### Social Clubs

A debate was held between the 59 Club and nurses from St. Bartholomew's Hospital on the motion that "This House considers it unfeminine for women to partake in sport." The Club speakers were unable to raise sufficient support, and the motion was defeated by twenty-eight votes to twenty-one. However, all was forgiven when the Club members were treated to refreshment by the nurses.

"The Taverners" monthly meeting attracted twenty members, and 140 people attended the St. Valentine's Party on February 17.



**Speakers' Course**

The joint debate with the Solicitors' Articled Clerks' Society was attended by fifty-five members. Miss H. M. Taylor, Principal of the Abbey School for Speakers, is again giving her course on public speaking.

**General Lectures**

The later starting time at six o'clock for these lectures has shown no obvious benefit in improved attendance but was unfortunately depressed by the effects of the one-day railway strike which prevented many from coming to the talk on "The Market Price of Investments." There was a better showing at the second lecture on "Why Businesses Form Groups."

**Library**

Among recent additions to the Library collection has been a copy of the second edition of a book on unit trusts, presented by its author, Mr. C. O. Merriman.

**PORTSMOUTH**

MR. C. J. H. EVERETT, c/o Edmonds & Co., Pearl Buildings, Commercial Road, Portsmouth, is the new Honorary Secretary of the Portsmouth and District Chartered Accountants Students' Society.

**SUSSEX**

THE ELECTION OF officers and Committee members for 1960/61 resulted as follows: President, Mr. A. G. J. Horton-Stephens, J.P., F.C.A.; Chairman, Mr. D. B. Evans, A.C.A.; Vice-Chairman, Mr. A. G. J. Keat; Secretary, Mr. T. T. Nash, F.C.A.; Assistant Secretary, Mr. B. J. Dalling; Treasurer, Mr. C. P. Beard; Committee, Mr. G. J. Copley, B.Sc. (ECON.), Mr. A. C. I. Mbanefo, Mr. D. R. Payne, Mr. A. G. Tomlinson, Mr. R. J. Treen; Liaison Officer, Mr. C. R. P. Goodwin, F.C.A.; Branch Secretaries: Eastbourne, Mr. W. A. Honey; Hastings, Mr. P. A. Hodge; Kent, Miss P. T. Smith.

Subject to the approval of the Council of the Institute, it was resolved at the recent annual meeting to change the name of the Society to the Kent and Sussex Chartered Accountant Students' Society.

**Forthcoming Events****BIRMINGHAM  
Students' Meetings**

*Unless otherwise indicated, meetings will be held at the Library, 36 Cannon Street, at 6 p.m.*

March 22.—"Death is Inevitable," by Mr. D. P. S. Lowe, M.A., LL.B.

March 29.—"Hints for Examination Technique," by Mr. R. Glynn Williams, F.C.A., F.T.I.I.

April 5.—"Work and Effects of the Budget," by Mr. D. C. Hague, M.COM.

April 12.—"Company Law," by Mr. R. D. Penfold, LL.B.

**BLACKPOOL**

March 31.—Annual dinner and dance of North Lancashire Branch. Imperial Hotel.

**BOURNEMOUTH  
Students' Meetings**

*All meetings will be held at the Grand Hotel, Fir Vale Road.*

March 25.—"Costing," by Mr. V. S. Hockley, B.COM., C.A., A.A.C.C.A. At 4.45 p.m., followed by annual general meeting.

April 8.—"Amalgamations," by Mr. R. E. Perrins, A.C.A. At 6 p.m.

**BRADFORD**

April 22.—Members' luncheon meeting.

**Students' Meetings**

March 24.—"Economics," by Mr. J. Hall, M.SC.(ECON.), B.COM. Midland Hotel, at 6.15 p.m. This lecture will be followed by the Annual General Meeting of Bradford and District Students' Society.

April 1.—"Electronic Computers and their Application to Industry," by Mr. D. Gregory, Midland Hotel, at 6.15 p.m.

April 6-9.—Non-residential Course. Bradford Technical College.

**BRIGHTON****Students' Meeting**

March 25.—"Taxation — Losses" and "Estate Duty," by Mr. D. Rich, A.C.A., preceded by buffet meal. King and Queen Hotel, Marlborough Place, at 5.45 for 6 p.m.

**CAMBRIDGE**

April 7-10.—Spring Residential Course of the Students' Society of London, Corpus Christi College and Pembroke College.

**CARLISLE**

March 31.—"Taxation and Personal Computation," by Mr. H. A. R. J. Wilson, F.C.A. Students' meeting. County Hotel, at 6.45 p.m.

**CHELMSFORD****Students' Meeting**

March 31.—Whole Day Course. Tutor, Mr. V. S. Hockley, B.COM., C.A. The Public Library.

**CHESTER**

March 25.—Annual dinner of the Chester and North Wales Branch. Blossoms Hotel.

**COLCHESTER**

March 28.—"Estate Duty Valuation and the Family Company with special reference to the Finance Act, 1954," by Mr. E. L. Fairweather, O.B.E., LL.B. Members' meeting. The Officers' Club, commencing at 6 p.m. with an informal supper.

**COVENTRY****Members' Meeting**

March 28.—Lecture by Mr. W. O. Reid (H.M. Inspector of Taxes). Chace Hotel, at 1 p.m.

**Students' Meeting**

March 28.—"Origin of our Law and the Structure of our Legal System," by Mr. B. Calwell. The Wine Lodge Hotel, The Burges, at 6 p.m.

**DERBY**

April 6.—Dinner dance of Derby Branch. The Coppice Hotel, Littleover.

**EASTBOURNE**

*Students' Meeting, to be held at the Civil Defence Hall, Furness Road.*

April 2.—"Tax: Where the Panic Strikes," by Mr. G. W. Davies, F.C.A.

**EXETER**

April 8-11.—Students' Residential Course. University of Exeter.

**GRIMSBY**

March 21.—Luncheon meeting of Grimsby and North Lincolnshire Branch, followed by annual general meeting. Royal Hotel, at 1 p.m.

March 31.—"Takeover Bids," by Mr. H. G. Hodder. Students' meeting. Grimsby Conservative Club, 35 Bargate, at 7.30 p.m.

**HUDDERSFIELD**

March 22.—Members' luncheon meeting. Whiteley's Restaurant, at 12.45 p.m.

**HULL****Students' Meetings**

*All meetings, unless otherwise indicated, will be held in Room D, Imperial Hotel, Paragon Street.*

March 25.—"Balance Sheet Audit," by Mr. K. P. Helm, F.C.A. At 6.15 p.m.

April 8.—"Consolidated Accounts," by Mr. J. B. Fletcher, A.C.A. At 6.15 p.m.

April 22.—"General Commercial Knowledge" and "General Financial Knowledge," by Mr. R. Glynn Williams, F.C.A. Royal Station Hotel, Paragon Square, at 4 p.m. and 6.15 p.m.

**IPSWICH****Students' Meetings**

March 23.—"Subvention Payments, Double Taxation Relief, etc.," by Mr. L. J. Northcott, F.C.A., and "Bankruptcy and Liquidation," by Mr. R. E. G. Perrins, A.C.A. For Final students. Crown and Anchor Hotel, Westgate Street, at 11 a.m. and 2.30 p.m.

March 23.—"Auditing," by Mr. R. E. G. Perrins, A.C.A., and "Company Accounts (including Amalgamation and Reconstruction)," by Mr. L. J. Northcott, F.C.A. For Intermediate students. Crown and Anchor Hotel, Westgate Street, at 11 a.m. and 2.30 p.m.

**KINGSTON-UPON-THAMES**

April 4.—Meeting of South West London Discussion Group. Members' meeting. The Kingston Hotel, Wood Street, at 6.45 p.m.

**LEEDS****Members' Meeting**

March 25.—Annual general meeting of Leeds, Bradford and District Society. Great Northern Hotel, at 1 p.m.

**Students' Meetings**

*All meetings will be held in the Conservative Club, South Parade.*

March 23.—Annual general meeting. At 3.45 p.m.



March 23.—"The Work of an Insurance Company," by Mr. R. R. Livie, F.C.I.I. At 4.30 p.m.

March 23.—"Consequential Loss Insurance and Claims," by Mr. D. Rilsy, F.C.I.I. At 6 p.m.

April 1.—"The Magistrates' Part in our Social Life," by Mr. R. Cleworth, Q.C. At 6 p.m.

April 6.—"Group Accounts—Profit and Loss Account" and "Group Accounts—Balance Sheet," by Mr. V. S. Hockley, B.COM., C.A. At 4.30 p.m. and 6 p.m.

April 13.—"Auditors' Liability" and "Law Relating to Company Directors," by Mr. J. F. Myers, M.A., LL.B. At 4.30 p.m. and 6 p.m.

April 20.—"Incomplete Records" and "Apportionments in Executorship," by Mr. D. Rich, A.C.A. Pre-examination session. At 4.30 p.m. and 6 p.m.

#### LEICESTER

##### Students' Meeting

To be held at the Bell Hotel, at 6 p.m.

April 1.—"Costing," by Mr. F. T. Hunter, F.C.A.

#### LIVERPOOL

##### Students' Meetings

March 18–25.—Residential Course at Burton Manor.

March 23.—"Executorship," by Mr. H. A. R. J. Wilson, F.C.A. For Intermediate students. The Library, 5 Fenwick Street, at 4.30 p.m.

March 24.—"Taxation," by Mr. H. A. R. J. Wilson, F.C.A. For Final students. The Library, 5 Fenwick Street, at 4.30 p.m.

April 7.—"Ascertainment of Working Capital," by Mr. R. G. Highcock, LL.B., A.C.A., A.A.C.C.A. The Library, 5 Fenwick Street, at 5 p.m.

April 14.—"Some Aspects of the Budget," by Mr. N. J. Cunningham, B.A. The Library, 5 Fenwick Street, at 5 p.m.

April 20.—"Auditing," by Mr. K. S. Carmichael, A.C.A. For Intermediate students. The Library, 5 Fenwick Street, at 4.30 p.m.

April 21.—"Management Accounting," by Mr. K. S. Carmichael, A.C.A. For Final students. The Library, 5 Fenwick Street, at 4.30 p.m.

#### LONDON

##### Members' Meetings

March 23.—Meeting of Management Discussion Group. Office of Samson, Clark & Co. Ltd., 57 Mortimer Street, W.1, at 6 p.m.

March 30.—Dinner and Dance. Grosvenor House, Park Lane, at 7.30 for 8 p.m.

April 4.—Meeting of South West London Discussion Group. The Kingston Hotel, Wood Street, Kingston-upon-Thames, at 6.45 p.m.

April 5.—"The Growth of State Pensions and Their Effect on Occupational Schemes," by Mr. R. W. Abbott, F.I.A., A.S.A. Oak Hall of the Institute, Moorgate Place, at 6 p.m.

April 6.—Meeting of the Taxation Discussion Group. The Cheshire Cheese, 10 Surrey Street, W.C.2, at 6 for 6.15 p.m.

April 13.—Meeting of City Discussion Group. The Tiger Tavern, 1 Tower Hill, E.C.3, at 6 for 6.30 p.m.

April 14.—Meeting of Central London Discussion Group. The Lamb and Flag, 33 Rose Street, Covent Garden, W.C.2, at 6.30 p.m.

April 20.—Meeting of North London Discussion Group. Russell Hotel, Russell Square, W.C.1, at 6.30 p.m.

##### Students' Meetings

March 21.—"Accounting in America," by Professor W. T. Baxter, B.COM., C.A. The Oak Hall of the Institute, at 6 p.m.

March 22.—Visit to Ford's Motor Works. Limited number.

March 23.—Lecture and demonstration of Lamson Paragon accounting systems. The Oak Hall of the Institute, at 5.30 p.m. Limited number.

March 24.—"Audit Practice and Methods," by Mr. W. K. Wells, B.A., F.C.A., and "The Law of Sale of Goods," by Mr. A. C. Staples. The Oak Hall of the Institute, at 5.15 p.m.

March 30.—Badminton v. Barclays Bank.

April 4.—Squash v. Old Paulines.

April 7–10.—Spring Residential Course. Corpus Christi College and Pembroke College, Cambridge.

April 11.—"Costing," by Mr. J. B. Charles, F.C.A., C.A.(S.A.), F.C.W.A.; "The Work of Executors and Trustees," by Mr. M. W. Lockyer, F.I.B.; "The Accountant's Place in an Industrial Organisation," by Mr. E. H. Davison, F.C.A., and "Assurance and Insurance," by Mr. S. R. Fenwick, F.C.I.I. "The Practical Aspect" Course. The Oak Hall of the Institute, at 9.45 a.m., 11.30 a.m., 2 p.m. and 3.45 p.m.

April 11.—Squash v. Solicitors' Articled Clerks Society.

April 12.—"The Practical View of Auditing," by Mr. J. F. Shearer, O.B.E., F.C.A.; "Banking Practice," by Mr. G. I. Williamson (Manager, Midland Bank, Overseas Branch); "Stock Exchange Practice," by Mr. D. Cobbett (Member of the Stock Exchange). "The Practical Aspect" Course. The Oak Hall of the Institute, at 9.45 a.m., 11.30 a.m. and 2 p.m., followed by a visit to the gallery of the Stock Exchange.

April 12.—Lecture and demonstration of Burroughs Accounting Machines. Limited number.

April 13.—"The Consolidation of Accounts in Practice," by Mr. E. D. McMillan, F.C.A.; "The Finance of Foreign Trade," by Mr. P. J. Shaw (Assistant Manager, Midland Bank, Overseas Branch); "Economic Effects of Taxation," by Mr. A. R. Ilesic, M.Sc.(ECON.), B.COM.; "Receiverships and Bankruptcy Practice (including Deeds of Arrangement)," by Mr. Leslie Cork. "The Practical Aspect" Course. The Oak Hall of the Institute, at 9.45 a.m., 11.30 a.m., 2 p.m. and 3.45 p.m.

April 13.—Visit to the Royal Mint. Limited number.

April 14.—"Building Societies—Their Functions and Financial Structure," by Sir Bruce Wycherley, M.C., F.C.I.S. (Managing Direc-

tor, Abbey National Building Society); "Accounting for Management," by Mr. Christopher I. Bostock, M.A., F.C.A., and "The Chartered Accountant and Accounting Mechanisation," by Mr. Kenneth G. Bishop, A.C.A. "The Practical Aspect" Course. The Oak Hall of the Institute, at 9.45 a.m., 11.30 a.m. and 2 p.m.

April 19.—Visit to Ford's Motor Works. Limited number.

April 20.—Lecture and demonstration of Underwood Accounting Machines. Limited number.

April 21.—"59 Club" theatre party.

#### LUTON

##### Students' Meeting

March 26.—"Auditor's Liability," by Mr. R. J. Carter, B.COM., F.C.A., followed by annual general meeting. Chamber of Commerce, at 10.30 a.m.

#### MAIDSTONE

March 25.—Ladies' Night of Kent and Sussex Branch.

#### MANCHESTER

##### Members' Meetings

March 21.—"When is a Consultant Necessary and Why?" by Mr. H. Young, B.Sc., A.C.W.A. Chartered Accountants' Hall, 46 Fountain Street, at 6 p.m.

April 11.—Luncheon meeting. The Board Room, 46 Fountain Street, at 12.45 p.m.

##### Students' Meetings

In addition to the meetings set out below, the following series of lectures have been arranged by the Joint Tuition Committee, to be held at the Chartered Accountants' Hall, 46 Fountain Street, at 9.30 a.m. and 11 a.m.

Final lectures (lecturers, Mr. J. C. Wood, LL.M., Mr. G. J. Netherclift, A.C.A., and Mr. H. B. Vanstone, F.C.A.) on March 26 and April 2.

March 18–25.—Residential Course at Burton Manor.

March 24.—"A Chartered Accountant in the Profession," by Mr. J. A. Edwards, F.C.A., and "A Chartered Accountant in Industry," by Mr. G. D. Ashcroft, F.C.A.

#### NEWCASTLE UPON TYNE

##### Students' Meetings

To be held at Y.M.C.A., Blackett Street.

March 30.—"Income Tax Losses," by Mr. H. A. R. J. Wilson, F.C.A. At 6 p.m.

March 31.—"Income Tax Problems met in Intermediate Examinations," by Mr. H. A. R. J. Wilson, F.C.A. At 2.15 p.m.

#### NORTHAMPTON

March 22.—"English Law from the Examination Standpoint," by Mr. R. D. Penfold, LL.B. Students' meeting. Plough Hotel, at 6 p.m.

#### NOTTINGHAM

##### Members' Meeting

April 7.—"Installing an Electronic Calculator," by Mr. G. W. H. Walker, C.A. The Welbeck Hotel, at 12.30 for 1 p.m.

**Students' Meetings**

*To be held in the Ballroom, The Elite Cinema, Parliament Street.*

*March 23.*—"Cost Accounts" and "Income Tax—Partnership Computations," by Mr. K. S. Carmichael, A.C.A. At 4 p.m.

*March 30.*—"The Making of the Budget," by Mr. John J. Clarke, M.A., F.S.S., L.M.T.P.I. At 5.30 p.m.

*April 6.*—"Capital Allowances," and "Profits Tax," by Mr. A. S. Turner, A.C.A., A.T.I.I. At 4 p.m.

**OXFORD****Members' Meetings**

*April 5.*—Annual general meeting of Oxford Chartered Accountants' Group. Royal Oxford Hotel.

*May 3.*—"The Finance Bill," by Mr. John E. Talbot, F.C.A. The Kemp Green Room.

**PRESTON****Members' Meeting**

*April 4.*—Annual meeting of North Lancashire Branch. Bull and Royal Hotel, at 6.30 p.m.

**Students' Meetings**

*In addition to the meeting set out below, the following lectures, to be held at the Masonic Hall, Saul Street, off Lancaster Road, at 10 a.m. and 11.15 a.m., have been arranged by the Manchester Joint Tuition Committee: Final lectures (Mr. G. J. Netherclift, A.C.A., and Mr. J. C. Wood, LL.M.) on March 26, April 2 and 9.*

*March 23.*—Visit to Mullard Blackburn Works Limited. Limited number. At 2.30 p.m.

**READING****Members' Meeting**

*March 25.*—"Thoughts on Investment Planning," by Mr. Aucock (of the Midland Bank). The Berkshire Club, at 7 p.m.

**Students' Meetings**

*April 6.*—"Takeover Bids," by Mr. C. R. Curtis, M.Sc., Ph.D., F.C.I.S. Great Western Hotel, Station Road, at 7 p.m.

*April 21.*—Annual general meeting of Reading Branch of London Students' Society.

**RIPON**

*March 28-31.*—Final students' residential course. Grantley Hall, near Ripon.

**ROTHERHAM**

*March 31.*—Members' luncheon. Crown Hotel, at 12.30 for 1 p.m.

**SHEFFIELD**

*April 12.*—"Double Taxation," by Mr. H. A. R. J. Wilson, F.C.A. Members' meeting. Grand Hotel, at 5.45 p.m.

**STOCKTON**

*March 29.*—"Taxation—Personal Computations," by Mr. H. A. R. J. Wilson, F.C.A. Students' meeting. Black Lion Hotel, at 6.15 p.m.

**SUNDERLAND****Students' Meetings**

*March 30.*—"Profits Tax" and "Surtax," by Mr. H. A. R. J. Wilson, F.C.A. The Museum Room, Sunderland Technical College, at 2.15 p.m.

*April 14.*—"Statement of Affairs," and "Deficiency Account or Liquidation," by Mr. R. Lofthouse, F.C.A. At 6.15 p.m.

**WESTCLIFF-ON-SEA****Students' Meetings**

*March 30.*—"Estate Duty," by Mr. R. Glynne Williams, F.C.A., F.T.I.I. Queens Hotel, Hamlet Court Road, at 7.30 p.m.

*April 20.*—"The Money Market." Lecturer to be announced. Queens Hotel, Hamlet Court Road, at 7.30 p.m.

**WOLVERHAMPTON**

*March 28.*—Members' annual meeting. Victoria Hotel, at 6 p.m.

**Students' Meetings**

*To be held at the Victoria Hotel, at 6 p.m.*

*March 30.*—"Preparation of Consolidated Accounts," by Mr. B. S. Rose, F.C.A.

*April 20.*—"The Estate Duty Affidavit," by Mr. B. W. Sutherland, F.C.A.

**YORK**

*April 6.*—Members' luncheon meeting. De Grey Rooms, at 12.45 p.m.

**Students' Meetings**

*March 22.*—Visit to John Smith's Tadcaster Brewery Company Ltd. Limited number. At 2.30 p.m.

*April 7.*—"Branch Accounts" and "Group Accounts," by Mr. V. S. Hockley, B.COM., C.A., A.A.C.C.A. The Royal Station Hotel, at 4.30 p.m. and 6 p.m.

*April 19.*—"Incomplete Records" and "Apportionments in Executorship," by Mr. D. Rich, A.C.A.

**Examinations—May, 1960**

DETAILS ARE GIVEN below of the May, 1960, examinations of the Institute and of the Society of Incorporated Accountants (in voluntary liquidation).

The prescribed examination entry form together with the appropriate fee must be received at the Institute not later than the last day stated below. Late entries cannot be accepted.

Candidates are advised in their own interests to submit their entry forms as soon as possible. Entry forms for *all* examinations may be obtained from the Secretary of the Institute, Moorgate Place, London, E.C.2.

**Institute Examinations**

Preliminary .. May 17, 18, 19 and 20, 1960.

Intermediate .. May 24, 25 and 26, 1960.

Final .. May 31, June 1, 2 and 3, 1960.

**LAST DAY FOR RECEIPT OF ENTRY FORMS:**

Preliminary examination .. April 12, 1960

Intermediate examination .. April 19, 1960

Final examination .. April 26, 1960

The Preliminary examination will be held in London and Manchester. The entry fee is £4 4s. 0d.

The Intermediate and Final examinations will be held in Birmingham, Cardiff, Leeds, Liverpool, London, Manchester and Newcastle upon Tyne. The entry fee for the Intermediate examination is £5 5s. 0d. and for the Final examination £7 7s. 0d.

**Society Examinations**

Final .. May 10, 11, 12 and 13, 1960.

The examination will be held in Birmingham, Belfast, Cardiff, Dublin, Glasgow, Leeds, Liverpool, London, Manchester and Newcastle upon Tyne. The fees are as follows:

Final, Part I (taken separately) £4 4s. 0d.

Final, Part II (taken separately) £4 4s. 0d.

Final, Parts I and II together .. £7 7s. 0d.

**LAST DAY FOR RECEIPT OF ENTRY FORMS:**

Candidates for membership of the English Institute, April 5, 1960.

(Candidates for membership of the Scottish or Irish Institute, March 20, 1960, on forms provided by the respective Institutes.)

**Personal Notes**

Messrs. Gray, Stainforth & Co., Chartered Accountants, London, W.1, announce that Mr. J. H. L. Burroughes, F.C.A., has retired from the partnership. The firm continues under the remaining partners.

Mr. H. D. Vigers, F.C.A., secretary of Hoover Ltd., has been appointed a director of Hoover (Electric Motors) Ltd., Cambuslang, Lanarkshire.

Mr. M. N. Shaw, J.P., F.C.A., of W. H. Shaw & Sons, Dewsbury, was the Liberal and Conservative candidate in the by-election in the Brighouse and Spenborough division of Yorkshire. The seat was won by Labour in the general election last October by 47 votes. Polling was on March 17 and we went to press before the result was announced.

**Removals**

Cooper Brothers & Co., Belgian Congo, announce that their address in Elisabethville is now P.O. Box 1808, 2238 Avenue Wangermée, and that Mr. George J. M. Dyer, A.C.A., is the resident partner.

Cooper Brothers & Co. and Coopers & Lybrand of Holland announce that their address in Rotterdam is now at Coolingsel 6, Rotterdam 1.

Cooper Brothers & Co. and Coopers & Lybrand of Malaya announce that their offices in Kuala Lumpur have been moved to 28-30 Old Market Square (2nd floor), Kuala Lumpur, Federation of Malaya.



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**APPOINTMENTS VACANT**

(continued from page xlii, facing page 191)

**GHANA AND SIERRA LEONE.** Chartered Accountants — recently qualified — required by City Firm of Chartered Accountants for associated firms in West Africa. Tours of eighteen months with generous leave on full salary. Furnished quarters provided. Provident Fund. Outfit allowance. Passages paid, including family where married. Low Income Tax. Commencing salary £1,300 per annum. Vacancies also exist for men with two or three years' experience since qualifying at a commensurate salary. Apply with full particulars to Box No. 336, DORLAND ADVERTISING LTD., 28 Haymarket, London, S.W.1.

**MESSRS. JAMES FINLAY & Co. Limited,** 22 West Nile Street, Glasgow, C.1, wish to appoint a Chartered Accountant for the Nairobi office of one of their associated companies. The terms are attractive, including Provident Fund and regular Home Leave. Applications with details of education, etc., should be made direct to the Company in Glasgow.

**MESSRS. JAMES FINLAY & Co. Limited,** 22 West Nile Street, Glasgow, C.1, with extensive interests in the East, wish to appoint a Chartered Accountant for their Calcutta office.

The terms of remuneration which are attractive will depend on age and experience.

Application with details of education, etc., should be made direct to the Company in Glasgow.

**NIGERIA.**—London Chartered Accountants have vacancies in associated firm in Nigeria for Qualified Accountants of ability; commencing salary £1,300-£1,750 per annum according to professional experience since qualifying. Interesting opportunities for career. Furnished accommodation, passages and Provident Fund provided. Write to Box No. 392, DORLAND ADVERTISING LTD., 28 Haymarket, London, S.W.1.

**PEAT, MARWICK, MITCHELL & CO.,** 11 Ironmonger Lane, London, E.C.2, have vacancies in their London office for young Chartered Accountants who wish to widen their experience in all branches of accountancy. Excellent prospects, good starting salary, pension scheme. Opportunities for service overseas. Applications to 11 Ironmonger Lane, E.C.2.

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Please write, giving full details of age, qualifications, experience and present salary to Mr. Osborne Mitchell, **CANADIAN-BRAZILIAN SERVICES LIMITED**, 9/12 Chesapeake, London, E.C.2, England.





## Commissions in the Royal Air Force Secretarial Branch

The duties of R.A.F. Secretarial Officers include administration, accounting, intelligence and personnel selection.

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